

DAILY REPORT

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PRC ENVOY TO UN ON INTERNATIONAL YEAR OF PEACE

OW090728 Beijing XINHUA in English 0656 GMT 9 Nov 84

[Text] United Nations, November 8 (XINHUA) -- Xie Qimei, deputy permanent representative of China to the United Nations, today stressed the importance of opposing hegemonism as the U.N. General Assembly took up the agenda item on "The International Year of Peace".

At its first regular session in 1982, the Economic and Social Council of the General Assembly recommended that 1986 should be proclaimed the International Year of Peace on October 24, 1985, the date of the observance of the 40th anniversary of the United Nations. The proposal was later accepted by the General Assembly at its 37th session.

Addressing the General Assembly, Xie said that the maintenance of world peace was a matter of paramount importance, causing universal concern among the people of the world. The people of the world, he noted, "will no longer tolerate the scourge of another world war." However, he continued, "as things stand now, the international situation remains turbulent and volatile. The global rivalry between the two superpowers has intensified. Their nuclear arms race continues to escalate. Their military confrontation in Europe has become more fierce and their military expansionist activities in the Asia-Pacific region and elsewhere have increased. The 'hot spots' in various parts of the world have yet to cool down while some of the conflicts tend to spread. The danger of a world war still remains."

Xie added: "There are always a few countries that pursue hegemonist policies, trample underfoot the U.N. Charter and the basic norms governing international relations, bully the weak and oppress the poor on the strength of their own power and wealth, interfere in the internal affairs, occupy the territories and ride roughshod over the people of other countries and engage themselves in frenzied arms expansion. Their doings have impaired peace and stability in the world."

"In order to safeguard world peace," he stressed, "it is imperative to halt the arms race effectively and bring about genuine disarmament and nuclear disarmament in particular. The Chinese Government and people support the people of all countries in their efforts to maintain world peace and oppose the arms race between the two superpowers."

Xie called for strengthening the role of the United Nations in the interest of maintaining world peace. All member states should honor their commitment to the principles of U.N. Charter and implement these principles effectively, he said. Xie said that to maintain world peace was a primary objective of China's foreign policy. Back in the 1950s, China together with some other countries proposed the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality, and mutual benefit, and peaceful coexistence as the norms governing relations between states. Over the past three decades, these principles have stood the test of international vicissitudes and shown great vitality, contributing positively to progress towards establishing a new type of international relationship. They are in full accord with the purpose and principles of the U.N. Charter.

He noted that the peace and stability of the world could only be based on a steady growth of the national economies and revitalization of the international economy. He stated that the Chinese Government appreciated the principal objectives of the international year of peace as contained in the draft program and hoped that the activities for the year would advance, on a broader basis, the efforts of the world's people in defense of world peace.

In response to the U.N. General Assembly resolution on the year, the Chinese Government has entrusted the Chinese People's Association for Friendship With Foreign Countries with the preparation, organization and coordination of the activities to be carried out in China for the year and China is ready to join the other countries in making positive contributions to the International Year of Peace at both the regional and international levels, Xie declared.

CHINA TO ATTEND FUTURE GATT COUNCIL MEETINGS

OW082016 Beijing XINHUA in English 1836 GMT 8 Nov 84

[Text] Geneva, November 8 (XINHUA) -- The Council of the General Agreement on Tariffs and Trade (GATT) today decided to have China attend its future meetings. The decision was made before the conclusion of a three-day council meeting which was held to prepare for the GATT General Assembly slated for November 26.

According to the decision, China would also be allowed to take part in meetings of all other GATT organizations.

Hailing the decision, many delegates held that China's presence at the council meeting was an important, positive factor and hoped that China would play a greater role in GATT organization.

In his speech at the meeting, Chinese representative Zhao Gongda said China's attendance of such meetings would further China's understanding of the GATT activities and, therefore, facilitate a decision by the Chinese Government on membership in GATT.

The GATT which took effect in January 1948 is a multilateral agreement to coordinate policies of different countries on tariffs and trade. It aims to reduce tariffs and other trade barriers through mutually accepted measures.

China, whose seat in the GATT has yet to be resumed, became a member of the GATT Textile Committee last December.

XINHUA ANALYZES U.S. PRESIDENTIAL ELECTION

OWO81606 Beijing XINHUA in English 1535 GMT 8 Nov 84

["News Analysis: U.S. Presidential Election Analysis" (by Shi Lujia) -- XINHUA headline]

[Text] Washington, November 7 (XINHUA) -- Incumbent U.S. President Ronald Reagan won a landslide victory in the 1984 presidential election yesterday and will hold office for another four years. Reagan won 49 of the country's 50 states to obtain 525 electoral votes out of a total of 538. The Democratic challenger Walter Mondale carried only Minnesota -- his home state -- and the District of Columbia with 13 electoral votes.

Newspapers here attributed Reagan's remarkable victory to the strong and continued economic recovery in the country, which began last year. The nation's gross national product has grown consecutively for 22 months, unemployment has been reduced, per capita income has increased and interest rates have dropped while inflation was kept relatively low. The economic stagnation which had plagued the United States since 1970 disappeared.

Reagan may have been riding the crest of a naturally cyclical economy, but his economic policies -- particularly his tax-cut measure -- played an important role in promoting business investment and expanding production. Ultimately, above-middle-income voters benefited from this.

The favorable economic situation brought hope to American voters. Four years ago, Reagan made a campaign promise to revitalize the country. The pledge won the hearts of most voters, who were deeply dissatisfied with the administration of Jimmy Carter. With a feeling of "let's try it and see if it works", they put Reagan into the White House.

Four years later, with the U.S. economy continuing to improve and Reagan saying "America's best days are yet to come", voters generally believed that keeping the President in office would mean more prosperity. Reagan's economic policy and the unprecedented increases in military spending resulted in a federal deficit of 200 billion dollars and a national debt of close to 1.5 trillion dollars. Drastic cuts in social welfare programs have forced more and more families to live below the poverty level. Here lies a potential problem for the administration, which, in the long run, could erode economic growth and social stability.

Mondale, trying to cash in on the deficit and Reagan's "unfair" domestic policy, lashed out at the administration, touching a cord with many electors. But to most voters, it was not deficits but tax increase that concerned them. As one young elector put it: "It's all about me and not we."

It's all about how can I put a dollar in my pocket."

Reagan argued that with economic growth, the deficit would come down by itself -- without a tax hike. He also pledged on many occasions that there would be no further cuts in welfare funds. People would rather take him at his word.

In foreign affairs, there is little that Reagan can boast of, but his tough policy toward the Soviet Union and his massive military build-up have beefed up U.S. position in its rivalry with the Soviet Union, and contrast sharply with the Carter years when the United States remained inactive in the face of a Soviet infringement on its interests. U.S. electors, who were depressed by the Vietnam war and Iran's hostage incident, appreciated Reagan's image as a strong leader. While campaigning, Reagan repeatedly voiced a desire to improve relations with the Soviet Union. This helped allay the people's fear about war, and at the same time took the wind out of Mondale's sails on the issue of "war and peace."

In spite of his departure from the traditional Democratic stance on many issues, Mondale failed to shed his party's image as a supporter of big government, high spending and high taxes. Moreover, Mondale's ties to the Carter administration left him open to Republican charges he was an architect of the "defeatist policies" four years ago.

Twenty years ago, conservative Republican candidate Barry Goldwater suffered a disastrous defeat in his presidential bid. But today, Reagan, also a conservative, rode a landslide to victory. Republicans are boasting that politics in the United States are tilting toward conservatism. The Democrats, however, are warning that it is too early to make such a judgment.

Beijing Radio Comments

OW090520 Beijing Domestic Service in Mandarin 1150 GMT 8 Nov 84

["International Current Events" program commentary by (Fan Yanfeng): "The Ins and Outs of Reagan's Reelection to U.S. Presidency"]

[Text] The 50th U.S. presidential election took place on 6 November throughout the country. Republican candidate Reagan defeated his opponent Mondale, the Democratic candidate, by a landslide. According to the election results published on that day, Reagan won victories in 49 states, and received 525 electoral votes, which covers the 50 states and the District of Columbia. This far exceeded the 270 electoral votes required for the reelection of a president. Thus, Reagan will spend 4 more years in the White House.

Reagan's success in his presidential election campaign was not unexpected. As analyzed by U.S. press circles, the chief reason for Reagan's victory can be epitomized as the fine economic situation, and the electorate's disagreement with an increase in taxes. In capitalist countries, economic growth is subject to a cyclical law. In 1980, an economic crisis appeared in the United States, with declined production and sharply mounting unemployment, lowering the prestige of the ruling Republican Party [as heard]. By the end of the 1982, however, the U.S. economy began to recover from the crisis. This year and last have witnessed a remarkable improvement in the U.S. economy. Production has been increased by a fairly big margin, the number of unemployed reduced, and currency inflation brought under control. This has been a rare situation since the seventies, a state of affairs very favorable to Reagan's reelection. Moreover, in the United States, the electorate more often than not decides whom it votes for on the basis of the condition of its pocket, that is, the amount of income.

The present fine economic situation has enabled Reagan to obtain a large number of votes. Taking full advantage of this, Reagan, in his election campaign, gave wide publicity to the achievements of his administration, the prosperity of the U.S. economy, and its advantages to the electorate. Reagan put forward a slogan: Are you better off than you were 4 years ago? This was hard for Mondale to rebut.

In the United States, there are always more favorable conditions for an incumbent president to triumph in his reelection campaign. This is because he can use his position as president to expand his influence, and mend certain unpopular policies to improve his image. In the current campaign, Reagan's hard-line policy on the Soviet Union, which had led to an unprecedentedly tense U.S.-USSR relationship, caused anxieties in part of the electorate. To change his bellicose image, Reagan made adjustments in his strategy to the Soviet Union in the last 6 months. He emphasized his willingness to negotiate with the Soviet Union and, in September, when the UN General Assembly was in session, held talks with Soviet leader Gromyko. What he did was obviously effective in winning over the electorate.

In this presidential election campaign, the Democratic Party was in a passive position from the very beginning. During the stage of the primaries, there was very keen competition within the Democratic Party. The competitors refused to give way, and attacked one another. Even when the Democratic Party was holding its national convention, Mondale, Hart, and Jackson were still quarrelling. Although Mondale finally became the Democratic candidate for the presidency, the strength of the Democratic Party was weakened by the split and discord among the different internal factions.

In competing with Reagan, Mondale had a principal weakness -- the lack of a clear-cut platform and slogan that would win the people's hearts. He picked up the two prominent problems of the Reagan administration's big financial deficit and Reagan's rigid attitude to the Soviet Union to attack his opponent. This put Reagan in a rather passive position, because the financial deficit, amounting to as high as some U.S. \$170 billion, represents a potential danger to the U.S. economy. It has to be noted, however, that the crisis of the financial deficit is not a direct threat to the U.S. electorate. What was even more unwise on the part of Mondale was that his plan to reduce the financial deficit was a tax increase, which was not acceptable to most of the electorate.

Regarding the policy on the Soviet Union, Mondale criticized Reagan as the first U.S. President not to hold talks with a Soviet leader since Hoover. He attacked Reagan's talks with Gromyko, saying that the talks were self-contradictory and untrustworthy. In spite of this, Mondale himself did not put forward a more feasible policy for disarmament and detente. On the contrary, Reagan took this opportunity to counterattack Mondale by pointing out the latter's weakness and naive thinking regarding the Soviet Union. He criticized Mondale for opposing the reinforcement of U.S. military strength, and attempting to draw the United States back to the policy of the Carter period, which had already proved a failure.

Trying to win victory in his campaign, Mondale adopted some unusual measures, for example, choosing a woman as the candidate for the vice president. This did evoke the people's attention at that time. But there was also a negative effect, because Ferraro, the vice presidential candidate, was investigated due to her husband's financial problems.

When the campaign was in its final stages, Reagan shifted the focus of his activities to helping the Republican Senate and House of Representatives candidates in their election campaigns. His objective was, not only to continue his control over the Senate, but also to take back House seats lost in the 1982 mid-term election, so that the administration's relations with the Senate and the House of Representatives would be more harmonious during the 4 years of his forthcoming term.

In his presidential election campaign, Reagan made no concrete promises concerning the policies and measures to be carried out after reelection. He only said, in general terms, that after his reelection he would make the United States even stronger, with a still greater sense of pride. According to media analysts Reagan's policies from now on will be aimed mainly at solving the problem of the big financial deficit, and resuming the arms-control talks with the Soviet Union. Some public opinion polls conducted in the United States show that 50-60 percent of Americans want a reduction in nuclear arms. In his new term Reagan has to face this reality. In the domestic economy and in U.S. foreign relations, the Reagan administration is confronted with a number of thorny problems, which are difficult to resolve at the moment. According to information recently received, the U.S. economic growth rate for the third quarter showed a considerable decline. This trend indicates the impracticability of Reagan's idea that economic growth will naturally eliminate budget deficits. Regarding the tax policy and the reduction in expenditures, it will be very hard to achieve consensus of opinion within the Republican Party, and between the White House and Congress. As for arms control, it will also be difficult for the State Department and the Pentagon to share an identical stand. All these are difficult problems before the Reagan administration during the next term.

U.S. CALLS ON USSR TO IMPROVE RELATIONS

OW081543 Beijing XINHUA in English 1512 GMT 8 Nov 84

[Text] Washington, November 7 (XINHUA) -- The United States agrees with the Soviet Union that possibilities exist for improving relations between the two countries and hopes that the Soviets will capitalize on the possibilities, the U.S. State Department spokesman John Hughes said at a press briefing here today. He was responding to Soviet Foreign Minister Andrey Gromyko's remarks last night at a rally marking the 67th anniversary of the October Revolution.

Gromyko had said Tuesday night that the United States in recent years has "done much to break everything positive that was created earlier by joint efforts." He called on the United States to take "practical actions" that would lead to an improvement in Soviet-American relations.

Hughes said, "we recognize that negotiations will require give-and-take. We are ready whenever the Soviet Union is, but cannot accept Soviet insistence that all the give must come from our side." He also said that the United States disagrees fundamentally with Gromyko's "very distorted version of recent history." "We are disappointed by the repetition of the Soviet view that it is incumbent on the U.S. to pay a price so that the Soviet Union will come back to the nuclear negotiating table," he added.

Hughes confirmed that the United States and the Soviet Union are planning to hold a meeting of "American and Soviet economic and trade experts" in Moscow in early January next year. U.S. Commerce Under Secretary for International Trade Lionel Olmer will head the U.S. delegation, he said. "We expect our experts to review various aspects of the U.S.-Soviet trade relationship and hope that this will result in better contacts and an increased flow of commercial information between us," he said. However, the United States do not expect "a sharp rise in trade as a result of the meeting, but believe that it will have a positive impact on our trade relations," Hughes added.

U.S. WARNS USSR NOT TO UNLOAD MIGS IN NICARAGUA

OW090816 Beijing XINHUA in English 0759 GMT 9 Nov 84

["U.S. Shows 'Utmost Concern' About Possible Delivery of Soviet MIG Fighters in Nicaragua" -- XINHUA headline]

[Text] Washington, November 8 (XINHUA) -- The United States has used "serious language" in expressing its concern about the consequences of landing high-speed combat aircraft in Nicaragua, U.S. State Department spokesman John Hughes told reporters today. Hughes said he still believes there is the possibility that high performance aircraft may be aboard a Soviet freighter that docked in a Nicaragua harbor yesterday.

U.S. intelligence sources reported yesterday that the Soviet freighter might be carrying advanced fighter aircraft. The U.S. immediately reacted strongly to the alleged arrival of Soviet MIG fighters in Nicaragua. Hughes quickly announced that "the addition of advanced combat aircraft to the Sandinista military arsenal would be a serious development which the U.S. would view with the utmost concern." The United States warned the Soviet Union that it would not tolerate the delivery of such planes.

The Soviet freighter is under surveillance by U.S. naval ships and planes. U.S. intelligence sources confirmed today that no air planes have yet been seen coming off the Soviet freighter.

Meanwhile, ABC news reported this evening that high-level discussions are underway between the U.S. and the Soviet Union with the U.S. trying to convince the latter that if there are high performance aircraft on the Soviet freighter they had better not unload them. It is the American view that it would be in everyone's best interest for the aircraft, if they are there, to return to the Soviet Union on the same ship they came in.

INTERNATIONAL INVESTMENT LAW SYMPOSIUM ENDS

OW081535 Beijing XINHUA in English 1509 GMT 8 Nov 84

[Text] Shanghai, November 8 (XINHUA) -- The International Investment Law Symposium sponsored by Shanghai authorities and the United States ended here today after four days in session.

Wang Daohan, mayor of Shanghai, and Cyrus Vance, former U.S. secretary of state, said that the meeting had deepened the mutual understanding between the Chinese and American participants.

They were speaking at a banquet this evening marking the conclusion of the gathering, which also resulted in the signing of some investment projects in this largest industrial and business city of China's.

U.N. Under Secretary General Bi Jilong and former U.S. Under Secretary of State W. Christopher were present at the banquet. The U.S. delegation will soon depart for Dalian for another international investment law symposium.

HUANG HUA MEETS AMERICAN PROFESSOR 8 NOV

OW081513 Beijing XINHUA in English 1508 GMT 8 Nov 84

[Text] Beijing, November 8 (XINHUA) -- Huang Hua, vice-chairman of the National People's Congress Standing Committee, met here this afternoon with Professor Lyle M. Nelson of Stanford University, U.S.A., and Mrs. Nelson. Feng Xiliang, editor-in-chief of CHINA DAILY, was present. The Nelsons came to China on Monday at the invitation of CHINA DAILY.

SEMINAR ON PRC MODERNIZATION OPENS IN BEIJING

OW081819 Beijing XINHUA in English 1628 GMT 8 Nov 84

[Text] Beijing, November 8 (XINHUA) -- A seminar on China's modernization and its impact on the world community opened here today. It is being sponsored by the Chinese People's Institute of Foreign Affairs (CPIFA) and the Aspen Institute for Humanistic Studies of the United States. Twenty-five Chinese and foreign participants will discuss China's modernization and its economic, technological and cultural effects, the world economic situation, international security and peace.

Among the 13 Chinese participants are CPIFA President Han Nianlong, and leading scholars Yu Guangyuan, Fei Xiaotong and Zhao Fusan. The 12 foreign participants, all trustees of the Aspen Institute, include Robert Anderson, chairman of the Aspen Institute and chairman of the Board of Directors of the Atlantic Richfield Company; Thornton Bradshaw, chairman of the board and chief executive officer of the RCA Corporation; Lord Alan Bullock, British Historian and senior fellow of the Aspen Institute; Arthur Rosen, president of the National Committee on U.S.-China relations; David Scott, chairman of the National Council for United States-China trade; Joseph Slater, president of the Aspen Institute; and Paul Doty, director of the Center of Science and International Affairs of Harvard University.

Han and Anderson spoke at the opening ceremony at Beijing's Xiangshan Hotel. Han welcomed the gathering of intellectuals from the United States, Britain and China to discuss China's modernization. The future depended on people constantly examining the fundamental problems the world faced and trying to find solutions.

Anderson said the discussions would promote the continuous dialogue not only between the two institutes but also between the United States and China. The participants will hold closed-door sessions over the next two days.

Founded in 1950, the Aspen Institute is an international organization dedicated to bringing together leaders and intellectuals throughout the world to discuss some of the most basic human issues of the latter part of the 20th century. Last year, it sponsored 12 discussions under the title "Tradition and Change -- China: Past, Present and Future."

BELJING OFFICIAL GREETINGS SOVIETS ON ANNIVERSARY

OW081411 Beijing in Russian to the USSR 1800 GMT 7 Nov 84

[Greetings to Soviet radio listeners from Comrade (Gan Youyi), deputy chief of the Foreign Affairs Office of the Beijing Municipal People's Government and a member of the Central Board of the Chinese-Soviet Friendship Association--read by announcer; passages in quotation marks recorded]

[Excerpts] "Dear Soviet radio listeners: On the occasion of the 67th anniversary of the Great October Socialist Revolution [GOSR] today, allow me to greet you from the bottom of my heart.

"At this moment I am very emotional and as many familiar and dear faces appear before me one after another, it seems to me that I am once again among my Soviet friends and I am happily marking this great holiday together with you."

Comrade (Gan Youyi) continues: Presently I am working in the Beijing Municipal People's Government and am specially engaged in friendly relations with foreign countries. In 1983 Beijing hosted the heads of state and governments of 16 countries, 260 friendly national organizations, and 60 cultural and artistic and more than 140 trade delegations.

We also would be very glad to see Soviet friends in Beijing. We welcome their visit to our capital to deepen mutual understanding and understanding of the feelings of friendship of the Chinese people.

Dear Soviet radio listeners, dear friends: Over 2 months ago as a member of a group of tourists, activists of the Chinese People's Association for Friendship With Foreign Countries, and the Chinese-Soviet Friendship Association, I visited your country. I visited Moscow, Leningrad, and Kiev, which I left 19 years ago, and visited Kazakhstan, which I had dreamt of visiting for a long time. I have visited the Soviet Union several times as a member of various Chinese delegations. This time I saw great changes which have taken place during these years.

Even though it was not possible during the Soviet Union visit to meet old friends whom I remember often, we felt the traditional friendship of the Chinese and Soviet people everywhere. Wherever we went we were received warmly and cordially. Peace and friendship were our common language; peace and friendship are our common aspirations.

"Dear Soviet radio listeners: The socialist modernization in four fields is now in progress in China. Chinese people know the value of peace. We need a stable international atmosphere, the development of relations with all the countries on the basis of the Five Principles of Peaceful Coexistence. The defense of peace in the world is the main course of our foreign policy. Improvement of Chinese-Soviet relations and the normalization of relations between China and the Soviet Union are the common desires of the people of both our countries, and we devote our efforts to this end.

"In conclusion, allow me once more to greet you on the occasion of the GOSR anniversary. I wish you health and great successes in work."

EDUCATION GROUP LEAVES MOSCOW FOR HOME 5 NOV

OWC70849 Beijing in Russian to the USSR 1800 GMT 6 Nov 84

[Text] On the evening of 5 November, a PRC Education Ministry group headed by Professor (Hu Menghao), director of the Shanghai Institute of Foreign Languages, having completed a 3-week familiarization tour of the Soviet Union on Russian studies, left Moscow for home by plane.

During their stay in the Soviet Union, the familiarization group visited a number of establishments in Moscow, Leningrad, and Kiev for studying the Russian language and Soviet literature; acquainted themselves with the teaching of the Russian language and Soviet literature at a number of higher educational institutions; and exchanged opinions on pertinent problems with many Soviet experts and professors.

SOVIETS COMPLETE SIBERIAN RAILROAD 1 YEAR EARLY

HK090353 Beijing RENMIN RIBAO in Chinese 7 Nov 84 p 7

[Article by Yi Wei: "The Baykal-Armur Mainline railroad -- the Soviet Union's Key to Exploiting Siberia"]

[Text] The Baykal-Amur Mainline railroad, the second mainline spanning Eastern Siberia and the Soviet Far East, was recently completed 1 year ahead of schedule and used for direct transportation for the first time. Construction began in 1974. The line runs from Ust-Kut, to the northwest of Lake Baykal, in the west to Komsomolsk-na-Amure (on the Heilong Jiang) in the east, and is 3,510 km long. Its completion is of important strategic significance for exploiting the eastern part of the Soviet Union.

Soviet Siberia is a vast area, bleak and desolate yet rich. It accounts for about half the total area of the Soviet Union. Below the surface of this huge territory is the world's largest copper mine and rich areas of gold, coal, oil, and natural gas. There are also thick yet easily exploitable seams iron, phosphates, aluminum, nickel, and so on. The southern Yakutsk area also has high-quality coking coal. Siberia also has rich hydropower and forest resources.

Before the October Revolution, Czarist Russia had plans for building railroads for exploiting Siberia. Road construction, which began before World War II, was forced to halt when war broke out. With the gradual exhaustion of resources in the western part of the Soviet Union, exploiting Siberia has become a matter of ever greater urgency.

Natural conditions in Siberia are extremely bad. Winter temperatures often drop to 50 below zero centigrade, and the variation between winter and summer temperatures is often as much as 100 degrees. Many places are frozen all year round; such areas are known as tundra. Some places turn into marshes when a thaw occurs. More than half the Baykal-Amur Mainline railroad passes through regions of permanent tundra and seismic areas. The line runs through mountain ranges and crosses hundreds of rivers. On average there is a bridge or a tunnel for less than every kilometer. Carrying out this vast railroad construction project in such complex and peculiar conditions required the huge sum of \$14.5 billion, and tens of thousands of laborers were employed. At present the railroad has carried 64 million tons of freight and 5 million passengers. In the next 5-year plan (1986-1990), the Baykal-Amure Mainline railroad will shoulder the main task in east-west transport in the Soviet Union.

WANG ZHEN MEETS JAPAN'S SHIMONOSEKI CITY GROUP

OW081350 Beijing XINHUA in English 1245 GMT 8 Nov 84

[Text] Beijing, November 8 (XINHUA) -- Wang Zhen, honorary president of the China-Japan Friendship Association, met here this afternoon a delegation from Shimonoseki City of Japan headed by Mayor Yoshitsugu Izumida. After the meeting, Wang Zhen gave a dinner in their honor.

The delegation reached Qingdao by ship on November 3 to attend the celebrations of the 5th anniversary of the establishment of formal friendly ties between the two cities. They arrived here yesterday and will leave tomorrow to tour Xian, Nanjing and Shanghai.

JAPANESE FOREIGN MINISTER ON FOREIGN POLICIES

OW082124 Beijing XINHUA in English 1634 GMT 8 Nov 84

[Text] Tokyo, November 8 (XINHUA) -- Japanese Foreign Minister Shintaro Abe said today Japan hopes its trade friction with the United States will not turn into a political confrontation. He also said he would like improved relations with the Soviet Union and increased cooperation with China.

At his first press conference since the recent Cabinet reshuffling, Abe said he hopes for a stronger Japanese-U.S. alliance, calling it the most important part of Japan's diplomacy. He said trade friction between Japan and the United States is unavoidable. What is important, he added, is that both sides try to avoid a political confrontation. He promised that the Japanese Government will further open markets at home, and expressed hope that the United States will continue to promote free trade, oppose protectionism and increase economic and technological cooperation between the two countries.

This year Japan expects to have a trade surplus of some 35 billion dollars with the United States. Last year the surplus was 20 billion dollars, according to an estimate by the U.S. Department of Commerce.

On relations with the Soviet Union, Abe said they represent the most difficult aspect of Japan's diplomacy. Despite signs of improvement, no significant progress has been made, he said. He reiterated his position that the Soviet-Japanese dispute over the northern territories must be solved. He hoped that Soviet Foreign Minister Andrey Gromyko will visit Japan next year.

In September Soviet Vice Foreign Minister Mikhail Kapitsa disclosed three preconditions for Gromyko's visit, one of which was that the northern territories not be a dominant issue at talks during his stay.

Referring to Japan-China relations, Abe said they are the best in the history of exchanges between the two countries. He said strengthening these ties is a basic component of Japan's foreign policy. Japan pays high regard and extends support to China's modernization drive and economic reforms, he said. He also said his government has called on private entrepreneurs in Japan to increase economic cooperation with China, which he deemed as important as that between the two governments.

HAN PEIXIN WELCOMES DPRK KANGWON DELEGATION

OW081037 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 7 Nov 84

[Excerpts] The Kangwon Provincial Friendship delegation from the DPRK led by Choe Pok-hyon, chairman of the Kangwon Provincial People's Committee, arrived in Nanjing from Beijing by air on the morning of 7 November to attend a signing ceremony and celebration activities for the establishment of friendly ties between Kangwon and Jiangsu Provinces. Warmly welcoming the Korean friends at the airport were Gu Xiulian, governor of Jiangsu Province; Ma Zhaohong, vice mayor of Nanjing City; and (Cai Qiuming) and (Fan Zhiyuan), responsible persons of provincial departments concerned. In the morning, Chairman Choe Pok-hyon and his party, accompanied by provincial Governor Gu Xiulian, cruised the Chang Jiang by boat and visited the Chang Jiang bridge. The delegation visited the Nanjing radio plant in the afternoon. A responsible person of the plant talked to the guests about the visit of President Kim Il-song and Comrade Kim Chong-il to the plant. Han Peixin, secretary of the Jiangsu Provincial CPC Committee, and Gu Xiulian, provincial governor, cordially met all members of the delegation at Nanjing's Jinling Hotel in the evening. Zhou Ze, Xin Shaobo, He Binghao, and Yang Yongyi, responsible persons of Jiangsu Province, were also present at the meeting. Comrade Han Peixin said during the meeting: Kangwon Province is a beautiful and richly endowed place; its industries and agriculture are well developed; and we have a lot to learn from the valiant and industrious Korean people. The visit of the Korean comrades on the eve of the establishment of friendly ties between Kangwon and Jiangsu Provinces is bound to make new contributions to Sino-Korean friendship that has been bonded through blood. Chairman Choe Pok-hyon said: Jiangsu is one of the provinces we are very familiar with. We will unswervingly develop the Korean-Chinese friendship on the foundation of the establishment of friendly ties between our two provinces. After the meeting, the Jiangsu Provincial People's Government held a banquet to welcome the Kangwon provincial friendship delegation.

GUO FENG ATTENDS DPRK ORCHESTRA PERFORMANCE

SK070515 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Nov 84

[Text] The Philharmonic Orchestra of the DPRK Ministry of Public Security, staged a farewell performance at Liaoning Zhonghua Theater, Shenyang, on the evening of 6 November. Attending the performance were leading comrades, including Guo Feng, first secretary of the provincial CPC Committee; Liu Zhenhua, political commissar of the Shenyang Military Region; Dai Suli, secretary of the provincial CPC Committee; Li Tao, chairman of the provincial Advisory Commission and first secretary of the Shenyang City CPC Committee; Zuo Kun, vice governor; Lui Dongfan, political commissar of the Liaoning Provincial Military District; Xu Sheng, director of the provincial public security department; and (Xu Deshan), deputy director of the Political Department of the Chinese People's Armed Police Force. Before the performance, leading comrades of the province, Shenyang City, and the Shenyang Military Region met with the head and deputy head of the Philharmonic Orchestra and the main performers. They had a warm and cordial conversation. Comrade Dai Suli said to the performers: You have been working hard. On behalf of the provincial CPC Committee, I warmly welcome the Korean artists to our province. I wholeheartedly thank you for staging performances continuously in spite of fatigue. After the performance, the leading comrades went on stage to shake hands with the performers one after another, congratulated them on their success in the visiting performances, and presented a gaily decorated basket to the Philharmonic Orchestra.

THAILAND, PRC SIGN TRADE PROTOCOL IN BEIJING

OW082034 Beijing XINHUA in English 1853 GMT 8 Nov 84

[Text] Beijing, November 8 (XINHUA) -- The Chinese and Thai Governments today agreed to set the trade target between their countries at 350 to 400 million U.S. dollars for next year. A protocol on the import and export of goods between the two countries was signed here. Trade between them in 1983 was worth 280 million U.S. dollars.

Leaders of Chinese and Thai delegations attending the sixth session of the Sino-Thai Joint Trade Committee, Mou Yongmao and Danat Tulalamba, signed the protocol on behalf of their respective governments. The session was held in Beijing on Wednesday and today. Under the protocol, China's imports from Thailand will include rice, mung beans, rubber, synthetic fibers, cashew nuts, medicinal herbs, plywood, sugar, tobacco, and glass. Exports to Thailand will include high-speed diesels, silk, machinery, chemicals and paraffin.

Both sides exchanged views on furthering bilateral trade, and expressed their satisfaction over the development of trade relations.

COMBINED KHMER FORCES ATTACK SRV TROOPS IN DPRK

OW082120 Beijing XINHUA in English 1859 GMT 8 Nov 84

[Text] Bangkok, November 8 (XINHUA) -- The National Sihanoukian Army (ANS) killed 17 Vietnamese soldiers and seized a certain amount of weapons and ammunitions in northwestern Kampuchea early this month, according to an ANS press release reaching here today.

Sihanouk's forces made the success in two assaults on the Vietnamese occupation troops in Oddar Meanchey Province. It is noteworthy that the first combined military operation in this dry season was made jointly by the ANS and the Khmer People's National Armed Forces on November 3 in the village of Thnol Dach, Samrong District in Oddar Meanchey Province. In the 45-minute fighting, the resistance forces cut up the 100 Vietnamese troops stationed there and drove them into dense forests.

The other clash between the ANS and Vietnamese forces took place at Chhoer Slap in the same district on November 4.

SON SANN ON VIETNAMIZATION IN KAMPUCHEA

OW081517 Beijing XINHUA in English 1439 GMT 8 Nov 84

[Text] Paris, November 7 (XINHUA) -- Prime Minister of the Democratic Kampuchea Son Sann said here today that Vietnam was stepping up the Vietnamization process in Kampuchea.

In a public lecture held at the hall of the French National Assembly today, Son Sann said the total number of Vietnamese immigrants in Kampuchea has reached 600,000 since 1983.

Half of the Vietnamese immigrants have obtained Kampuchean nationality and they own the richest farm lands of the country, he said. The Vietnamese authorities are stepping up Vietnamization of Kampuchea, Son Sann said, "because they have got more and more bogged in the Kampuchean war." He also said in his lecture that the Vietnamese have recently set up a new intelligence agency codenamed "K-10," whose major task is to watch the activities of Heng Samrin regime and officials dispatched to Kampuchea by international humanitarian organizations.

Son Sann noted that Vietnam has tried to sow discord between the Coalition Government of Democratic Kampuchea and the ASEAN countries. But Vietnam's attempt to negotiate directly with the ASEAN countries without the participation of Democratic Kampuchea was rejected, he said. Past experience told us, Son Sann said, whenever the Vietnamese proclaims a willingness to talk, they are going to attack us. Son Sann stressed the importance of unity of the coalition government and concluded, "We should not do what our enemy wishes us to do."

SICHUAN PROVINCE TO SOLICIT FOREIGN INVESTMENT

OW061307 Beijing Domestic Service in Mandarin 0400 GMT 4 Nov 84

[Text] An economic and technical cooperation and trade delegation to Hong Kong from Sichuan Province, led by He Haoju, permanent vice governor of the province, held a news conference on 2 November in the (Huarun) Building in Hong Kong. He gave a brief account of an international economic and technical cooperation and trade negotiation meeting that the province will hold in Chengdu in April 1985.

He Haoju said: Sichuan Province is very abundant in farm, forestry, animal husbandry, and by-products and in mineral resources. It ranks first in the country in the production of grain, silkworm cocoons, and citrus fruits, in the numbers of hogs, oxen, and water buffaloes, and in the output of more than a dozen minerals. This is Sichuan's unique favorable condition for utilizing foreign capital in the form of economic, technical, and trade cooperation. At the negotiation meeting slated for next year, Sichuan will propose some 200 economic, technical, and trade cooperation projects mainly in the fields of machinery, electronics, light, textile, silk, chemical, pharmaceutical, building-materials, and metallurgical industries as well as some tourist-facility projects. These projects are planned for completion in 2 or 3 years. As for the total amount of investment, the foreign capital will be \$240 million, whereas the renminbi portion will amount to 500 million yuan.

He Haoju added: To attract the investors' interest, the Sichuan Provincial People's Government has formulated seven preferential-treatment policies, including the following: The investors will be treated as legal persons. The enterprises in which the investment is made will have priority in receiving fuels, raw materials, transportation facilities, and domestic bank loans. Income tax on specific investment projects will be exempted or reduced for a certain period. And an appropriate part of the domestic market will be set aside for products turned out by the investment projects.

LI XIANNIAN LEAVES ON SOUTH EUROPEAN TOUR

OW090754 Beijing XINHUA in English 0735 GMT 9 Nov 84

[Text] Beijing, November 9 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei left here by special plane this afternoon on state visits to Spain, Portugal and Malta.

This is Li Xiannian's first south European tour. It was learned that the main purpose of his visit is to deepen mutual understanding, increase mutual cooperation, ease international tension and safeguard world peace. During his stay in the three countries Li is expected to confer with heads of state and government on bilateral relations and international issues of common interest.

President Li was seen off at the airport by Premier Zhao Ziyang, Vice-Chairman of the Central Military Commission Yang Shangkun, member of the Secretariat of the Chinese Communist Party Central Committee Hu Qili, Vice-Chairman of the National People's Congress Standing Committee Wang Renzhong, State Councillors Chen Muhua and Ji Pengfei, and Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Yang Jingren.

Leaving on board the same plane were Wu Xueqian, state councillor and minister of foreign affairs, and Zheng Tuobin, vice-minister of foreign economic relations and trade. Also present at the airport were diplomatic envoys of the three countries in China.

ZHU XUEFAN MEETS PORTUGUESE WORKERS DELEGATION

OW090800 Beijing XINHUA in English 0716 GMT 9 Nov 84

[Text] Beijing, November 9 (XINHUA) -- Zhu Xuefan, vice-chairman of the Standing Committee of the Chinese National People's Congress, met a delegation from the Portuguese Workers General Union led by General Secretary Torres Couto here this morning. Zhu had a friendly conversation with the group which is the first top level delegation sent by the General Union to China.

JI PENGFEI MEETS NORWEGIAN CP DELEGATION

OW021333 Beijing XINHUA in English 1314 GMT 2 Nov 84

[Text] Beijing, November 2 (XINHUA) -- Ji Pengfei, Standing Committee member of the Central Advisory Commission of the Chinese Communist Party and state councillor, gave a dinner for a delegation from the Norwegian Communist Party led by Bjorn Naustvik, member of the Political Bureau of the party Central Committee and secretary for organization.

TURKEY'S HALEFOGLU CALLS FOR MORE TRADE WITH PRC

OW031150 Beijing XINHUA in English 0807 GMT 3 Nov 84

[Text] Ankara, November 2 (XINHUA) -- Turkish Foreign Minister Vahit Halefoglu today expressed the desire to boost Sino-Turkish trade and called for a closer cooperation among the developing countries as the north-south dialogue had not produced satisfactory results.

At a press conference held here at the end of his visits to China, Pakistan, Thailand and Jordan, Halefoglu said that there was no problem in the relations between Turkey and China who shared identical views on many international and regional issues.

He reaffirmed his country's support for the just struggle of the Afghan people against the occupation forces and said that Turkey backed Pakistan's efforts to seek a peaceful resolution to the Afghanistan issue.

He also repeated his country's support for draft resolution put forward by the Association of Southeast Asian Nations (ASEAN) at the United Nations calling for withdrawal of Vietnamese troops from Kampuchea. He said the Turkish-Jordanian relations were very good and the strengthening of such ties was not only in the interest of the two countries but also helped the regional stability and development. The two countries believed, he said, that no peace was possible in the Middle East unless Israel pulled back to the pre-1967 border, stopped settlement program in its occupied territory and the Palestinian people were given the right to decide their destiny on their own homeland. He said Turkey would spare no effort, on its own or along with other Islamic countries, to bring the Iran-Iraq war to an end as early as possible.

PRC, NETHERLANDS TO PROMOTE SPORTS COOPERATION

OW030131 Beijing XINHUA Domestic Service in Chinese 1749 GMT 1 Nov 84

[Text] Beijing, 1 Nov (XINHUA) -- According to a foreign press report, Joop van der Reijden, secretary of state for welfare, health, and culture of the Netherlands, announced in Amsterdam on 31 October that China and the Netherlands had signed a memorandum on the promotion of sports cooperation between the two countries.

Reijden told reporters at Amsterdam airport: The memorandum provides for the Netherlands and China to exchange coaches and information and materials on each other's sports policies, facilities, and athletes' health care.

He said: The Chinese side wants the Netherlands to dispatch soccer and skating coaches to China. The Netherlands hopes to have Chinese gymnastics and badminton coaches come to work in the Netherlands.

GUANGMING RIBAO ON REFORM IN EASTERN EUROPE

HK080205 Beijing GUANGMING RIBAO in Chinese 29 Oct 84 p 3

[Article by Huang Zongliang and Xiao Xiurong: "Reforms in Various East European Countries"]

[Text] Economic reform in various East European countries has experienced a period of more than 30 years since Yugoslavia initiated workers' autonomy in enterprises in 1950.

As early as the late 1940's and early 1950's ideas of reform began to come to the minds of some leaders in Eastern Europe. In those years they evinced a desire to take a socialist road with their own national characteristics. Under the leadership of Tito, Yugoslavia initiated workers' autonomy despite all pressure from great-power chauvinism.

In the mid-1950's an international reform trend emerged and brought about a mass movement for demanding reform. In the 1960's, the East European countries began to adopt reform measures one after another. For example, the German Democratic Republic began to pursue a new economic planning and management system in 1964; Hungary started its overall economic reform in 1968; and a "Prague spring" also appeared in Czechoslovakia. During that period reform extended from the economic field to the political and other social fields. The system of workers' autonomy in Yugoslavia developed into "social autonomy" and the reform in Hungary was also advancing.

By the late 1970's and early 1980's, reform had developed into an irresistible historical trend in Eastern Europe, and had produced a great influence on countries ruled by communists outside Eastern Europe. The experience of the East European nations shows that their economic reform has deep roots in history and has important political significance. In their early years the people's democratic states in Eastern Europe all copied the model of a certain country without exception. Although this highly centralized economic management system did play a certain positive role in the early postwar period, its serious drawbacks increasingly contradicted the national conditions and development of the productive forces in various East European countries and more and more sharply contravened the interests and demands of the people in these countries. Without overcoming these drawbacks it would not be possible to develop social productivity at a high speed, to improve the people's livelihood, to bring the superiority of the socialist system into full play, and to consolidate the socialist system.

The experience of various East European countries in their reform shows that carrying out economic reform and accelerating the development of the national economy is the main and most important task for a socialist state. Only when the national economy is well developed and the people's living standards are enhanced can a state lay a solid foundation for a stable and united social environment and political situation. However, the high efficiency of the socialist economy cannot be separated from a high degree of socialist democracy in politics. Therefore, fundamentally speaking, there will be no economic reform which is independent of political reform and no political reform which is separated from economic reform. An important reason for the good results in economic reform in Yugoslavia and Hungary is that they can properly handle the relationship between economic reform and political reform. Political and economic reforms in Yugoslavia have been carried out simultaneously in the main. Its autonomous economic system is guaranteed by the socialist autonomous and democratic system on the basis of the delegation system. Hungary has also provided rather sufficient political conditions and safeguards for a comprehensive economic reform.

An important political guarantee for the smooth handling of economic reform is the correct handling of various contradictions appearing in the course of reform. In East European countries, reform was started mostly after the emergence of some serious social problems, and reform measures were bound to touch the interests of different social strata. For this reason, when a reform measure was initiated or even put forward, it certainly aroused extensive concern and strong repercussions in all social strata and brought about a series of intricate and complicated contradictions. When facing such a complicated situation, leaders must keep themselves sober-minded and adopt correct policies. At the same time, it is necessary to develop socialist democracy, correctly handle the two different types of contradictions, and maintain a stable political situation to ensure that reform can develop along the correct course.

The experience of East European countries in economic reform can be summed up in one point. That is, a country must independently open and follow a socialist road that is suited to its own national conditions. Of course, it should not copy another country's model after shaking off an old pattern. In this world no fixed model should be followed by all countries. After getting rid of the drawbacks of the former economic structure, Hungary did not follow other countries' models; instead, it proceeded from its specific conditions and created its own pattern which is called the "third model." Its new economic structure has three major characteristics: centralized planned management is integrated with the positive role of market mechanisms; adherence to the state's important role as a central economic regulator is combined with the expansion of enterprises' decisionmaking power; and economic levers are integrated with administrative means in economic management. Of course, the new economic structure in Hungary has yet to be further improved. The reform experience of the East European countries also shows that the key for a party or a state to acquire initiative and ability to stand on its own feet lies in the close ties between the party or the government with the people and in the support from the people. Today, independence has become an irresistible historical trend. Many ruling Communist Parties are consolidating their organizations and forging closer relations with the people so as to increase their ability to stand on their own feet. This is not only a matter concerning life and death of a political party of the working class, but also a fundamental issue that has a bearing on the success and failure of the socialist reform cause.

CHEMICAL INDUSTRY MINISTER VISITS GDR OFFICIALS

OW051739 Beijing XINHUA in English 1628 GMT 5 Nov 84

[Text] Berlin, November 4 (XINHUA) -- A Chinese chemistry delegation led by Qin Zhongda, chemical industry minister, left here for home today at the end of a two-week visit.

During its stay, the delegation was met by Werner Krolikowski, Democratic Germany's first deputy chairman of the Council of Ministers and member of the Political Bureau of the German Socialist Unity Party. It also met with Gerhard Schuerer, deputy chairman of the Council of Ministers and chairman of the State Planning Commission.

The Chinese delegation and the Democratic German delegation, headed by Chemical Minister Guenther Wyschofsky, agreed to strengthen scientific, technological and economic cooperation. The Chinese chemical industry minister also held talks with the host country's Foreign Trade Minister Horst Soelle and Minister of Geology Manfred Bochmann. They discussed cooperative projects.

XI ZHONGXUN DELEGATION ENDS ALGERIA VISIT

OW090734 Beijing XINHUA in English 0649 GMT 9 Nov 84

[Text] Algiers, November 8 (XINHUA) -- Xi Zhongxun, Politburo member of the Chinese Communist Party, left here for home after attending celebrations for the 30th anniversary of the Algerian revolution.

Xi, who arrived here October 30 as head of a Chinese party and government delegation, told XINHUA that the visit has ended with satisfactory results. He had held talks with Algerian President Chadli Bendjedid on developing cooperation and friendship between the two countries and their people, Xi Zhongxun said.

Algerian Prime Minister Abdelhamid Brahimi, in a meeting with the Chinese delegation this morning, expressed the hope for further cooperation between the two countries in economic, scientific, trade and other fields. During the talks, Xi Zhongxun reaffirmed the fundamental policy of the Chinese party and government to enhance and develop its relations with other Third World countries. China attaches great importance to its cooperation with Algeria in the various fields, he added.

During its stay here, the Chinese delegation visited factories, agricultural projects and a housing construction project undertaken by Chinese workers and engineers.

IRAQI LEADER VISITS PRC PAVILION AT BAGHDAD FAIR

OW072125 Beijing XINHUA in English 1902 GMT 7 Nov 84

[Text] Baghdad, November 7 (XINHUA) -- Iraqi First Deputy Prime Minister Taha Yasin Ramadan today visited the China pavilion of the Baghdad International Fair and showed keen interest in the agricultural machinery on display. Ramadan, also a member of the Revolutionary Command Council, told accompanying Iraqi officials that Iraq should import agricultural machines from China.

Ramadan also told the head of the China pavilion Ji Zude that the friendly ties between Iraq and China should be continuously developed. Member of the Iraqi Revolutionary Command Council and Minister of Trade Hassan 'Ali today met the Chinese delegation for the fair.

NEW PRC AMBASSADOR ARRIVES IN KENYA 4 NOV

OW041556 Beijing XINHUA in English 1500 GMT 4 Nov 84

["Special for Nairobi: Newly Appointed Chinese Ambassador Arrives in Kenya" -- XINHUA headline]

[Text] Nairobi, November 4 (XINHUA) -- The newly-appointed Chinese ambassador to Kenya, Wei Yongqing, arrived here this afternoon. He was met at the airport by a protocol official of the Kenyan Foreign Ministry and diplomats of the Chinese Embassy here. Ambassador Wei Yongqing was born in Beijing in 1923 and has served as diplomat in India, Mauritania and Ghana and as ambassador to Turkey and Venezuela.

NPC SESSION DISCUSSES SINO-BRITISH DOCUMENTS

OW082257 Beijing XINHUA Domestic Service in Chinese 1320 GMT 8 Nov 84

[Text] Beijing, 8 Nov (XINHUA) -- The Eighth Session of the Sixth NPC Standing Committee today held a joint panel discussion meeting at the Great Hall of the People to examine and discuss the documents regarding the Sino-British agreement on the question of Hong Kong. Peng Zhen, NPC Standing Committee chairman, attended the meeting.

Today's joint panel discussion was held on the basis of the panel discussions yesterday. Geng Biao, vice chairman of the NPC Standing Committee, presided. Speaking in succession were Liu Jingji, Zhu Xuefan, Chu Tunan, Ma Man Kee, Rong Yiren, Xu Dixin, Xu Deheng, Cao Yu, Duan Suquan, Lei Jieqiong, Gu Dachun, Luo Qiong, He Ying, Chen Zongji, Mei Xing, Hu Jiwei, Aisin Ghiorroh Pujie, and Zhang Youyu.

In their speeches, the members held that to solve the Hong Kong issue under the concept of "one country, two systems" is conducive to promoting the reunification of the motherland. NPC Standing Committee Vice Chairman Rong Yiren said: Solving the Hong Kong issue is an important step in realizing the task of reunifying the motherland. This is a major event in the contemporary history of China and the world, ridding the Chinese people of the national shame suffered over more than 100 years. This is an event worthy of being celebrated by all the people of China. He said: The settlement of the Hong Kong issue would certainly produce a tremendous impact on the Taiwan authorities and the people in Taiwan. Member Aisin Ghiorroh Pujie said: China was unable to resume its exercise of sovereignty during the period of the Northern Warlords or under the rule of the Kuomintang. It is New China, under the leadership of the Communist Party of China, which has made the dream come true. All this indicates that the socialist motherland is powerful and that the Communist Party of China is great. He said: The settlement of the Hong Kong question shows that the concept of "one country, two systems" is entirely applicable to solving the Taiwan question also.

Vice Chairman of the NPC Standing Committee Xu Deheng said: The question of Taiwan differs from the question of Hong Kong in nature, but both can be solved according to the concept of "one country, two systems." He hoped that the Taiwan authorities would set store by the national interests, and make their own contributions to the great cause of reunifying the motherland.

In their speeches, the members held: The Hong Kong issue has been satisfactorily settled by taking into full consideration the interests of the people in Hong Kong. Such a settlement is conducive to Hong Kong's stability and prosperity over a protracted period, and to China's socialist modernization program. Member Ma Man Kee said: The Sino-British Joint Declaration on the Hong Kong question is a document of great historic significance. This document not only allows China to resume the exercise of its sovereignty over Hong Kong, but also safeguards stability and prosperity there. The Joint Declaration stipulates. After China resumes exercise of sovereignty over Hong Kong, the current social and economic systems in Hong Kong will remain unchanged, and so will the life style and the laws. This stipulation fully reflected the motherland's concern for the compatriots in Hong Kong, and dispelled the worries of the people in Hong Kong about their future. It is conducive to maintaining Hong Kong's prosperity and stability, and to giving full play to its economic role. Member Xu Dixin said: After China resumes the exercise of its sovereignty over Hong Kong, it will be allowed to retain its capitalist system for 50 years.

All this is conducive to maintaining Hong Kong's prominent economic role in the Asian-Pacific region, and to bringing into full play its role as an international port city. In Hong Kong, we can not only engage in export trade, but can also attract foreign investments and import advanced technology to make even greater contributions to developing the modernization program of the motherland.

Member Hu Jiwei held: The satisfactory settlement of the Hong Kong issue would certainly help promote China's policy of opening to the outside world and enlivening its domestic economy.

In his speech, member Lie Jieqiong called on all patriotic compatriots in Hong Kong to unite as one, and exert concerted efforts, under the great banner of cherishing the motherland and Hong Kong, to assume the historic task of building a new Hong Kong and invigorating China. She firmly believed that Hong Kong's future would be extremely bright.

In their speeches, members Gu Dachun and Luo Qiong said: Both the All-China Federation of Trade Unions and the All-China Women's Federation hoped to strengthen ties with the workers, staff members, and women in Hong Kong, and join their efforts in making contributions to promoting stability and prosperity in Hong Kong and to invigorating China.

In their speeches, the NPC Standing Committee members held that the settlement of the Hong Kong issue signifies that Sino-British relations of friendship and cooperation have entered a new stage. Member He Ying said: On the basis of the spirit of friendship and cooperation and that of mutual understanding and mutual accommodation, the Chinese and British Governments have solved the Hong Kong question through friendly talks, and have removed the historic obstacle from Sino-British relations. This is conducive to further developing cooperation between the two countries from now on. Some NPC Standing Committee members said in their speeches that China and Britain have a common interest in maintaining prosperity and stability in Hong Kong. It is believed that following the satisfactory solution of the Hong Kong issue, Sino-British relations of friendship and cooperation would certainly be further consolidated and developed.

In their speeches, some members held that the peaceful settlement of the Hong Kong question by China and Britain would be of great significance in maintaining world peace. Member Liu Jingji said: The peaceful settlement of a question left over by history between one state and another, by the Chinese and British Governments, through talks has provided a new experience for the peaceful settlement of international disputes. Vice Chairman Zhu Xuefan said: The smooth settlement of the Hong Kong issue is a good example for solving complicated international problems through peaceful means. It is conducive to maintaining peace in Asia and in the world. Member Chu Tunan said: In solving disputes between states — disputes that are either left over from history or arise at present — the states concerned will be able to solve such disputes peacefully by holding talks and conducting negotiations as long as they adopt a sincere attitude. Such a practice is not only conducive to helping both sides settle disputes but is also beneficial to maintaining world peace and stability. In this respect, the settlement of the Hong Kong question by China and Britain may serve as an example of peacefully solving international disputes.

Li Jingji on Reunification

HK090430 Beijing ZHONGGUO XINWEN SHE in Chinese 1317 GMT 8 Nov 84

[Report: "Li Jingji Says That the Principle of 'One Country, Two Systems, Will Certainly Promote the Reunification of the Motherland"]

[Text] Beijing, 8 Nov (ZHONGGUO XINWEN SHE) -- At the eighth meeting of the Sixth NPC Standing Committee, Liu Jingji, member of the NPC Standing Committee, said that having

successfully solved the Hong Kong question, the principle of "one country, two systems" will certainly play a role in promoting the early return to Taiwan to the motherland.

In his speech discussing the Sino-British joint declaration on the Hong Kong question, Liu Jingji said: Hong Kong is an international free port. It also serves as an important door for our country, leading to the international market. China presently is energetically following the policy of opening to the outside world. Preserving the long-term stability and prosperity of Hong Kong is beneficial to the expansion of China's foreign trade, the introduction of advanced foreign technology, the utilization of foreign capital, and the development of various forms of economic and technological cooperation between China and foreign countries. Therefore, after taking into full consideration Hong Kong's history and present conditions and basing themselves on a strong sense of principle, the central authorities have worked out and formulated the basic principle and policy of "one country, two systems," which has a high degree of flexibility. This is entirely in keeping with the fundamental interests of the people of the whole country, including Hong Kong compatriots, and is also conducive to speeding up China's socialist modernization program. Moreover, I believe that the formulation of the principle of "one country, two systems" in solving the Hong Kong question will certainly play a role in promoting the early return of Taiwan to the motherland. For this reason the promulgation of the Sino-British joint declaration on the question of Hong Kong is not only a pioneering undertaking that has shaken the world, but also an event of far-reaching historical significance.

Liu Jingji said: Since the promulgation of the draft "joint declaration," the Hong Kong market has tended toward stability and Hong Kong compatriots have largely been at ease. In the future, Hong Kong will still be a free port where the people will have the freedom to come and go and to engage in trade and where the present economic system and lifestyle will remain unchanged. The "joint declaration" has not only given assurances about these areas, but has also mentioned the continued employment of public servants and the pledge that the Central People's Government will not levy taxes on Hong Kong in the future. The Hong Kong people are satisfied with this. The "joint declaration" has also explicitly stipulated that all Hong Kong Chinese compatriots, whether they are holders of the "British Dependent Territories Citizens' Passport" or not, are Chinese nationals, and that the Hong Kong Chinese nationals who were previously called "British dependent territories citizens" will be permitted to use a type of travel document issued by the British Government. Thus, this question has been appropriately solved under the principle of not infringing upon Chinese sovereignty. Moreover, with regard to the land issue which has a bearing on Hong Kong economic development and the interests of the masses, the Chinese Government has also proceeded from reality in agreeing to extend for a period of 50 years the leases of land granted by the British Hong Kong Government that expire before 1997, without payment of an additional premium. This has also made people very happy.

Liu Jingji said: Recently the number of Hong Kong entrepreneurs coming to Shanghai to hold business talks has greatly increased. They have not transferred their capital from Hong Kong to foreign countries but have come to the Chinese mainland to establish various undertakings. For example, the Wing On Group controlled by the Kwok family has decided to build another department store in Shanghai, to transform old enterprises, and to set up food processing plants.

In order to promote and develop the economic cooperation and the scientific and technological exchanges between Shanghai and Hong Kong, some noted entrepreneurs in both Hong Kong and Shanghai have decided to set up the Shanghai and Hong Kong economic development association in the near future. I firmly believe that economic and trade contacts between the mainland and Hong Kong will further develop.

Peng Zhen Suggests Approval

HK091109 Beijing XINHUA Hong Kong Service in Chinese 0854 GMT 9 Nov 84

[Report: "Peng Zhen Suggests That the NPC Standing Committee Approve the Sino-British Joint Declaration on the Question of Hong Kong" -- XINHUA headline]

[Text] Beijing, 9 Nov (XINHUA) -- Peng Zhen, chairman of the NPC Standing Committee, today suggested that the eighth session of the NPC Standing Committee, which is being held in Beijing, make a decision on approving the joint declaration on the Hong Kong question, which has been initialed by the Chinese and British Governments, and submit it to the Third Session of the Sixth NPC for examination and approval after the formal signing by the Chinese and British Governments. Peng Zhen made this suggestion at the NPC Standing Committee session held this morning.

Peng Zhen said that over the last few days members of the NPC have conscientiously and carefully examined all of the documents concerning the Sino-British agreement on the question of Hong Kong submitted to the NPC Standing Committee by the State Council. The members unanimously expressed their satisfaction with the Chinese Government for its work of holding long-term, patient, and careful talks with the British Government on settling the Hong Kong question. He said: The conference unanimously holds that the "Joint Declaration" initialed by the British and the Chinese Governments is in conformity with the stipulations of the Constitution of our country on the establishment of special administrative regions, and it conforms entirely to the Constitution. It takes into full consideration and takes care of the history and reality of Hong Kong; conforms to the interests of the people of all nationalities of our country, including that of the Hong Kong compatriots; and is therefore practical and reasonable.

Peng Zhen said: The conference unanimously holds that the recovery of Hong Kong and resumption of the exercise of sovereignty over Hong Kong are important steps in realizing the great cause of the reunification of the motherland. The satisfactory solution of the Hong Kong question is beneficial to maintaining the long-term stability and prosperity of Hong Kong, to the building of the socialist modernization in our country, to the consolidation and development of the friendly cooperative relations between China and the United Kingdom, and to preserving peace in Asia and the world.

At the joint-group session this morning, the members continued to examine and discuss the documents related to the agreement between China and the United Kingdom on the Hong Kong question.

940 NUCLEAR WEAPONS REPORTED IN INVENTORY

WA081146 Shanghai JIEFANG RIBAO in Chinese 16 Oct 84 p 1

[Text] The Japanese journal AVIATION has reported that China now has 940 nuclear weapons, trailing only the United States with its 26,520 weapons, and the Soviet Union, with 17,470, which places China in third place world-wide. Among the nuclear weapons now in the Chinese inventory, the most powerful are 114 strategic missiles including four CSS-4 intercontinental ballistic missiles (appx. range: 13,000 km; warhead: appx. 5 megatons TNT equivalent), 10 CSS-3 ICBM's (range: 7000 km; warhead: 2 megaton TNT equivalent), 50 CSS-2 long-range missiles (range: 2000-4000 km), and 50 CSS-1 intermediate-range missiles (range: 1,500 km).

HENAN CRIMINALS SENTENCED TO DEATH FOR FRAUD

OW081451 Beijing XINHUA Domestic Service in Chinese 1543 GMT 6 Nov 84

[By reporter Hao Jian]

[Text] Wu Zhongtang, the No 1 criminal in the case involving a serious speculation-fraud ring that engaged in reselling quotas for rail transportation and coal at a profit, was sentenced to death and deprived of political rights for life by the Intermediate Court of the Zhengzhou Railway Transportation Center. Wu Zhongtang was executed today.

Wu Zhongtang was the former buyer of the wine distillery of the state farm in Henan's Minquan County. He was 31 years old. From October 1982 to July 1983, a speculation-fraud ring headed by Wu Zhongtang and with Zhe Shiping, a salesman of the instrument factory of Zhewang Village of Henan Province's Huojia County, and Xu Lanpin, a peasant of Zhejiang Province's Yongkang County, as its major members engaged in criminal activities involving reselling of quotas for rail transportation and coal at a profit. On several occasions they bought coal from some mines in Henan Province, and resold it at a profit through seven railway stations under the Zhengzhou Railway Bureau. They sold the coal to 24 units in Zhejiang, Jiangsu, and Guangdong Provinces. The coal involved totaled 903 carloads, which weighed more than 48,400 tons. Its sale earned them more than 1.03 million yuan in profits, of which they actually received over 620,000 yuan. In their criminal activities, Wu Zhongtang made some 470,000 yuan in profits. Zhe Shiping received more than 80,000 yuan and Xu Lanpin more than 30,000 yuan.

This serious economic crime was detected by the Zhengzhou Railway Bureau in July 1983. Under the direction and with the assistance of the Discipline Inspection Commission of the CPC Central Committee, the party group of the Ministry of Railways, and the Henan Provincial CPC Committee, departments concerned sent a work group to investigate the case. The major crimes involved in the case were finally exposed and ascertained. After that, the case was handed over to judicial department for legal action. Departments concerned also revealed some problems concerning some personnel of a number of railway and coal industrial units, who were involved in this case.

After hearing the case, the Intermediate Court of the Zhengzhou Railway Transportation Center sentenced the three criminals to death and deprived them of political rights for life. They pleaded not guilty and filed an appeal. After a second trial by the Higher Court of Railway Transportation, and with the approval of the Supreme People's Court, Wu Zhongtang's sentence was upheld. Zhe Shiping was resentenced to death with 2 years' reprieve and he was deprived of political rights for life. Xu Lanpin was resentenced to life imprisonment and deprived of his political rights for life.

GUANGMING RIBAO ON NEW RURAL ECONOMIC COMBINES

HK081211 Beijing GUANGMING RIBAO in Chinese 29 Oct 84 p 3

[Article by Yong Jiazhen, Xiao Zhongming, and Xu Yuanming: "Views on Several Questions Concerning the New Economic Combines in the Countryside -- On an Investigation of Counties in Nanjing's Suburbs and Related Thoughts" -- capitalized passages published in boldface]

[Text] Characteristics of New Economic Combines

What are the new economic combines? By new economic combines, we mean mainly the economic entities that emerged in our rural areas over the past few years; that have been established between peasant households or between peasant households and other

economic units in their common economic interests in accordance with the principle of voluntary participation, mutual benefit, and equality; in which the members work together, jointly possess production means and products and carry out an internal division of labor; which operate to serve society, and which operate as independent accounting units shouldering sole responsibility for their profits and losses. According to the results of our investigation in the counties in Nanjing's suburbs, the new economic combines have the following characteristics:

1. THEY ARE COMBINES THAT HAVE BEEN FORMED SPONTANEOUSLY ON THE BASIS OF VOLUNTARY PARTICIPATION AND MUTUAL BENEFIT. Generally speaking, new economic combines are formed by peasant households, on the basis of the principle of voluntary participation and mutual benefit and in accordance with the demands of production, in order to form new productive forces and realize the economic interests of laborers.
2. DIVERSE FORMS OF COMBINES HAVE BEEN FORMED IN LIGHT OF INTERNAL ECONOMIC RELATIONS. Concerning the scope of combination, in the existing new economic combines in the counties in Nanjing's suburbs, there are combination between units in the same brigade or township, between those of different brigades or townships, and even between those of different counties or different provinces. Concerning the forms of combination, there are combines between peasant households and between collectives and peasant households.
3. THEY ARE GEARED TO THE NEEDS OF SOCIETY AND PRODUCTION AND ARE ENGAGED IN COMBINED OPERATION OF COMMODITY PRODUCTION. Among the existing new economic combines in the counties in Nanjing City's suburbs there are processing industry enterprises that utilize local resources, and also those that are engaged in construction, transportation, breeding industries, and service trades, to satisfy the demands of the livelihood of the people. More concretely, their business covers the manufacture of cement products, construction, building maintenance, painting and anticorrosion services, masonry, plastic packing, poultry, eggs, milk products, metallurgical smelting and processing industries, water transportation, and tourist services.
4. THESE COMBINES ARE FIRMS THAT OPERATE IN ACCORDANCE WITH THE REQUIREMENTS OF ECONOMIC LAWS AND PAY ATTENTION TO ECONOMIC RESULTS. All the new economic combines in the counties in Nanjing's suburbs have been formed in order to achieve particular economic goals. They have raised funds on their own, found raw materials on their own, and shouldered sole responsibility for their profits and losses. Therefore, whether their management is good or bad not only has a direct bearing on the prospects of the combined enterprises, but also directly affects the immediate interests of the combine members. Therefore, generally speaking, they have been able to act in accordance with the requirements of the law of value and to conscientiously pursue relatively great economic results with relatively low consumption. Their profit ratio is 56.4 percent, much greater than that of township and town enterprises in 1982.

Role of the New Economic Combines

The new economic combines play a very great role in making our rural economy prosper, enlivening urban and rural markets, giving play to diverse positive factors, and raising the income level of our peasants:

1. THEY FACILITATE GIVING PLAY TO THE ROLE OF SURPLUS RURAL FUNDS AND LABOR AND DEVELOPING THE PRODUCTIVE FORCES. During the past few years, the income of the peasants in the counties in Nanjing's suburbs has risen quickly.

The per-capita income of the whole city rose from 200 yuan in 1981 to 270 yuan in 1982, and rose again last year. The total amount of rural bank deposits has quickly increased and there has been surplus money in the peasants' hands, which constitutes a reserve of funds for the development of production. Chen Enzhuo's household and five other households in Changhe No 1 Brigade, Jiangxinzhou Commune, Yuhuatai District, raised 34,000 yuan of their own funds and borrowed 10,000 yuan. With this sum of 44,000 yuan, they jointly bought 40 horsepower, 120 ton boat to undertake a water transportation business. At the same time, because of the implementation of the system of contracted responsibilities for production with remuneration linked to output, a great number of laborers has been freed from the operation of field cultivation. This has not only provided a labor force for the development of diverse kinds of family undertakings, but has also prepared the conditions for realizing new economic combinations. As our production develops, the new economic combines will expand in scale and will be able to absorb more surplus labor.

2. THEY FACILITATE OPENING UP NEW AREAS OF PRODUCTION AND DEVELOPING TOWARD THE ORIENTATION OF MULTIPLE AGRICULTURAL, SIDELINE, AND INDUSTRIAL OPERATIONS. In the past, people thought that only communes or brigades were able to establish collective enterprises, and that peasants as individuals were not able to do so. Now, the masses of peasants have already made a breakthrough in this situation with their practice. The emergence of enterprises that have been jointly set up by people who are good at management and who know technology, and by ordinary laborers have broken the fetters of old conventions and opened up a new path for the establishment of collective enterprises. These enterprises differ not only from state-run enterprises, but also from existing commune and brigade enterprises. All their undertakings have given play to advantageous local factors, satisfied the demands of urban and rural markets, and proceeded from the needs of people's livelihood. They have thus supplied deficiencies, because these undertakings are often those that state-run and collective enterprises are unwilling to be engaged in or cannot satisfactorily manage.

3. THEY ARE CONDUCTIVE TO THE DEVELOPMENT OF COMMODITY PRODUCTION AND TO THE TRANSITION TOWARD SPECIALIZATION AND SOCIALIZATION. Professional combination is much superior to the "small but complete" natural economy: 1) It allows the expansion of the scale of operation and facilitates overcoming the limitations of one family or household in carrying out expanded reproduction. 2) It provides conditions for learning and researching science and technology with singleminded devotion and for raising economic results. 3) Specialization cannot be divorced from socialization. Only by cooperation and combination can we facilitate speeding up the development of social productive forces. Just as some specialized households have said: "Since we jointed the combines, we feel more assured, have fewer worries about the future, and are thus able to concentrate on developing specialized production."

4. THEY ARE CONDUCTIVE TO HELPING THE POOR OVERCOME THEIR DIFFICULTIES, ACHIEVE DEVELOPMENT, AND BECOME RICH TOGETHER WITH OTHER PEOPLE. Because of their diverse forms and flexible methods of combination, in these new combines, those who are professionally and technologically competent bring along those who are not technologically competent, and those who have funds bring along those who do not have funds. Therefore, these enterprises are very much characterized by mass participation and actually embody the principle of "those who have money contribute money and those who have labor contribute labor." Among the members of the combines there are quite a few "households with difficulties" who have neither funds nor technological skills. However, since they joined the combines, they have learned from each other's strong points to offset their weaknesses and have thus given play to the strong points of all the members.

As a result, some "households with difficulties" have become "rich households." The Hengyang Weimin Construction Team at Shiyue Township, Qixia District is a combine which Mei Deben, a peasant, alone invested in, and in which 22 households with 25 laborers have joined. This is a good method of organizing the rural "households with difficulties" to follow the path of becoming rich together.

Nature of the New Economic Combines

What is the nature of the new economic combines? There has been much debate over this question. Judging by the entire process of economic activities and the external relations of the new economic combines in the counties in Nanjing's suburbs, we think that the new economic combines are collective economic entities of a socialist nature.

1. THIS IS SHOWN IN THE FORM OF OWNERSHIP OF THE MEANS OF PRODUCTION THEREIN: No matter how big the scale of a new economic combine, its machinery, equipment, and other means of production have been purchased from funds raised through issuing shares, which the peasants have subscribed to on the basis of the principle of voluntary participation and mutual benefit. In some combines, the members have subscribed to equal numbers of shares, while in others they have not. Some of the combines gradually repay the shareholders the share capital that they have subscribed, while others retain the capital. No matter whether all the members subscribed to equal numbers of shares or not, and no matter whether the share capital is repaid or not, production means that have been purchased by share capital do not belong to any individual but have become the common property of the combine.

2. THIS IS SHOWN IN THE METHOD OF DISTRIBUTION: In these new economic combines, the share of distribution that the members get as shareholders is based on public ownership of the production means and the practice of each member performing labor in the combines. The share capital is the savings from the income earned in the past through labor, and is not capital used for exploitation. All the members are both shareholders and laborers, so that each of them has a dual status. The dividend paid in proportion to shares is in fact the share of labor results that a laborer has created himself and that he receives on the basis of his status as an investor. He does not reap without sowing nor does he exploit other people's labor. Paying dividends in proportion to shares embodies the principle of mutual benefit and results from the need to coordinate the interests of all members. Therefore, distribution according to shares, in the method that combines distribution according to labor and distribution according to shares, does not run counter to the principle that labor results created by laborers belongs to themselves. The only difference lies in the concrete method of implementing this principle.

3. THIS IS SHOWN IN THE POSITION AND MUTUAL RELATIONS OF PEOPLE IN THE PROCESS OF PRODUCTION AND MANAGEMENT: In the process of production and management, all the members of an economic combine have equal positions. They jointly possess and exercise management and administration powers and relatively satisfactorily implement the principle of democracy. Relations between them are relations of equality and mutual cooperation, and no relation between the exploited and the exploiter exists among them. There exists the phenomenon of employing workers in some of these new economic combines, but in these kinds of combines, the income of laborers is still closely linked to the results of the management of the enterprises. They receive their remuneration through distribution according to labor in light of the management results of the enterprise. Therefore, their relationship is one of cooperative labor.

4. THIS IS ALSO SHOWN IN THE EXTERNAL RELATIONS OF THESE COMBINES: All the economic activities of these new economic combines are guided and restrained by the state. The major production tools and raw materials, in particular the fuel used by these combines, are mainly supplied by state-run and collective enterprises. Most of the products of these combines are sold through state-run and collective commercial sectors. These combines must follow the guidance of the state plans in drawing up their production plans and fixing the prices of their products. In addition, the state can also guide the production, circulation, distribution, and other activities of these combines through applying economic levers such as finance, credit, and taxation, or through economic legislation. Therefore, these new economic combines can only operate under the guidance of the socialist state-run economic sector and within a socialist economic orbit, and it is impossible for them to deviate from the orbit of socialism.

COMMENTATOR ON READJUSTING FARMING STRUCTURE

HK080433 Beijing RENMIN RIBAO in Chinese 6 Nov 84 p 2

[Commentator's article: "Further Readjust the Farming Structure"]

[Text] While instituting the production responsibility system, our rural areas have rectified the previous erroneous practice of concentrating solely on grain production and have readjusted the structure and distribution of agricultural production. In recent years, the grain-growing area has been reduced by about 100 million mu, but the grain output has steadily increased, and there has also been an all-round bumper harvest of industrial crops. The readjustment has produced a tremendous effect. The structure of agricultural production is continuously changing rationally and the rural areas have begun to embark on the path of comprehensive development.

Some comrades hold that since the readjustment of the farming structure has been carried out sufficiently, it is unnecessary to make further efforts. This is an erroneous view. Although the farming structure has improved tremendously, quite a few problems still remain to be solved. Some localities attach importance only to the production of staple crops, such as wheat, rice, cotton, and oil-bearing crops, to the neglect of nonstaple crops, such as miscellaneous grains and beans and special native products. Quite a few localities have reduced the acreage under green manure and feed crops, which is disadvantageous to the development of animal husbandry and soil enrichment. The phenomenon of neglecting the development of land other than the cultivated land is even more extensive. If we fail to solve these problems, it will be impossible to make full use of our rich natural resources and to attain better economic results. In order to adapt ourselves to the new situation in economic reform, we should quicken the pace of agricultural development, further readjust the farming structure, and tap the enormous potentials in agriculture.

In readjusting the farming structure and distribution in the near future, we should continuously implement the principle of "never relaxing grain production and vigorously developing diversified undertakings." Under the new situation of having enough to eat and wear, and having grain surplus, the commodity proportion of farm produce has become larger and the readjustment of the farming structure has become more urgent. On the condition of ensuring a stable increase in total grain output, it is necessary to readjust the acreage under cotton and the cotton output in a planned way and to expand the area sown to feed crops in order to rationalize the proportions and distributions between the grain, feed, and industrial crops.

Proper increase in the area sown to the feed and green manure crops will benefit the development of animal husbandry. Readjusting the farming structure is an urgent task at the moment. It is necessary to give consideration to social effect, economic results, and ecological benefits, to integrate agriculture with forestry, agricultural with animal husbandry, and agriculture with fishery, and to integrate readjustment with the construction of country towns and the people's growing needs for consumption. Our general objective is to establish, through further readjustment, an excellent and highly efficient new structure that is conducive to the all-round development of agriculture as a whole; that promotes urban economic reform; that is suited to market needs at home and abroad; and that quickens the pace of the peasants becoming rich.

In readjusting the farming structure, it is necessary to adopt effective measures. We should foster the idea of commodity production, apply the law of value, and encourage the development of quality products. On the basis of rationally defining farming distribution, we should establish a number of production bases for quality products in light of local conditions. Efforts should be made to carry out a series of after-production services, such as processing, storage, transportation, fresh preservation, and packaging, and to unclog the circulation channels in order to ensure the smooth readjustment of the farming structure and to attain better economic results. It is also necessary to analyze production and sales for a certain year; to forecast market trends; to feed-back information promptly to producers; and to guide them in making arrangements for production items according to state plans and market demands. By doing so, the farming structure will be able to constantly adapt itself to the requirements of expanding commodity production.

IMPROVING QUALITY OF AGRICULTURAL PRODUCTS VIEWED

HK070759 Beijing RENMIN RIBAO in Chinese 4 Nov 84 p 2

[Commentator's article: "Make Great Efforts To Improve Quality of Agricultural Products"]

[Text] During the past few years, our country's agriculture has continued to achieve bumper harvests and the output of grain, cotton, and other agricultural products has risen sharply. We have thus radically solved the problems related to shortages of grain and cotton that have troubled us for many years. Undoubtedly, this is an amazing achievement.

As agricultural production rises sharply, however, we presently are faced with a new contradiction that urgently needs to be solved -- namely the problem of improving the quality of products to satisfy people's demand. Please consider at the following facts:

In quite a few places, highland rice and rice of a secondary quality has been stockpiled in large amounts. Despite their prices being as low as a little over 0.10 yuan per jin, few people buy it. On the other hand, rice of fine quality is immediately sold out, even at prices of 0.40 to 0.50 yuan per jin.

Cotton fills all our warehouses, but quite a large part of it does not satisfy the requirements for the textile industry and exports. Therefore, our peasants find it difficult to sell cotton.

Wool is also stockpiled, but quite a lot of it fails to satisfy the requirements of the textile industry and the state has to import wool of fine quality and strong fibers.

Fat pork is unmarketable even in our rural markets because few people like to buy it, while urban people complain a lot because there is too big a supply of fat pork and too small a supply of lean pork. However, the market is still filled with fat pork and is still suffering from a shortage of lean pork.

All these facts show that there has been a change in the consumption market for agricultural and sideline products. Since our people began to lead a life of plenty, they have raised new demands for variety and quality in our agricultural and sideline products. In southern China, the people in the rural areas say: "Highland rice is to be delivered to the state, wheat is to be sold in exchange for cash, while round-grained nonglutinous rice is to be kept as our food." The consumption structure of our people has changed, and the requirements of our industry for agricultural products as raw materials have also been raised, but we have not yet made corresponding readjustments in our production mix of agricultural and sideline products. As a result, the grain and cotton stockpiled in our warehouses in a first year has not yet been consumed, when an even larger amount of products of the same quality rushes into our warehouses in the second and third years. This is one of the causes giving rise to difficulties in selling agricultural products.

For many years, there has not been a sufficient supply of agricultural products in our country. Therefore, we have made great efforts to raise agricultural output and have scored marked achievements. However, we failed to pay adequate attention to raising the quality of the products. In addition, state monopoly over the purchase and sale of major agricultural and sideline products has also been detrimental to stimulating our peasants to improve quality. During the past few years, as the socialist commodity economy has quickly developed in our rural areas, most or nearly all the products produced by our peasants have had to enter the market and thus become commodities. If we continue to act as we did in the past--namely if we continue to pay attention only to production and neglect the demands of the market -- and if we continue to pursue quantity and fail to pay attention to variety and quality, we will inevitably bring increasingly greater difficulties to the continuous development of our agriculture.

As with grasping output, the key to improving product quality is to grasp improved varieties of crops and to pay attention to developing improved varieties. We should overcome the previous one-sided view that held that any high-yield variety is a fine variety and foster the all-round view that only a variety of high yield and fine quality can be a fine, improved variety. We should list all kinds of products and compare and judge them in light of this requirement and decide, in light of the demands of the market and local natural and social conditions, which varieties should not be used and which varieties should be improved. If we find that none in the list is satisfactory, we should conscientiously introduce varieties from outside or develop new varieties. All areas should have the ambition to develop well-known special products of their own. They should introduce new varieties from outside, develop new well-known brands of products, and speed up the development of new varieties of fine quality and high yield, as well as restoring and developing traditional well-known special varieties of products. They should establish commodity production bases that produce diverse kinds of agricultural and sideline products of fine quality and high yield.

In improving the variety of agricultural products, we should rely on our vast number of agricultural scientific and technological personnel. Concerning cotton, since the development of Lumian No 1, we have developed other new varieties, such as Lumian No 2, Lumian No 3, Jiliu No 8, and Yumian No 1, which are better than Lumian No 1, both in quality and high yield. Next year, we will popularize large-scale cultivation of these varieties in areas where there are suitable conditions for cultivation. We have also developed a series of new, fine, improved varieties of rape, the seeds of which contain little erucic acid; varieties of pigs with lean meat; and improved varieties of wheat, milk goats, and rice of fine quality.

We hope that more agricultural scientific and technological workers will be engaged in the scientific research in improving varieties and in developing and introducing from outside new varieties. When they encounter difficulties in their work, we should enthusiastically help them to overcome the difficulties, give them financial support, and reward them if they have achieved major results. At the same time, we should also encourage them to go to the basic-level units to guide the masses of the people in studying modern scientific and technological knowledge and to carry out scientific research activities together with the masses of people. During the past few years, peasants in quite a few areas established on their own various kinds of "research associations" and "academic associations" to carry out research in improving varieties. Combining the efforts of professionals with the practical experiences of the masses of people will surely speed up the work of developing and popularizing the cultivation of fine, improved varieties of agricultural products.

BEIJING STEEL PLANT DEVELOPS TERTIARY INDUSTRY

HK081034 Beijing RENMIN RIBAO in Chinese 5 Nov 84 p 2

[Report by Dong Huanliang: "Shoudu Iron and Steel Corporation Actively Develops Tertiary Industry"]

[Text] The Shoudu Iron and Steel Corporation has actively developed the tertiary industry and made proper arrangements for the placement of surplus labor, which is the result of a higher degree of automation in production, thus providing the enterprise and staff and workers with the extra labor services they urgently needed.

Over the past few years, as a result of practicing the contract system in turning over profits to higher authorities, the production in this corporation has developed quickly and the workers' and staff members' standard of living has increased. Thus, there has been an increasing need for all kinds of labor services. After making an overall analysis of the situation in operation, production, and employment, the leading body of the Shoudu Iron and Steel Corporation held that, as there would naturally be some surplus labor forces after computers are widely adopted in production, the development of the tertiary industry is an important channel for solving the problem of unemployment. Then they adopted resolute measures and established a number of companies in this field, such as labor service companies, civil products development companies, and guesthouse development companies.

The development of the tertiary industry has made the life of workers and staff members and their dependents easier and has helped them gradually deal with various problems in their daily life regarding as food, clothing, cleaning, repairs, and being able to send children to nurseries. For example, in a living area for more than 10,00 staff and workers in Laoshan, there were no shops to repair household electrical appliances. In 1982, the labor service company established one in this area. Since then the residents no longer worry about this.

Besides traditional service trades, the Shoudu Iron and Steel Corporation has also developed some new service trades, including technical and information services. This year the Shoudu Iron and Steel Corporation is preparing to provide some technical services to the Wuhan and Jiuquan steel plants, including the use of computers and the installation of a device related to the feeding of raw materials into the system. In order to promote the diversified economy, they assigned scientific research, supply and marketing, and market information and survey personnel to many departments of the tertiary industry so that these services can better suit the needs of the industrial and production departments and the consumer markets.

In developing the tertiary industry, the Shoudu Iron and Steel Corporation has continuously implemented the policy of independent accounting and assuming sole responsibility for profits and losses in all units. For example, the labor service company raised a loan of 2 million yuan for development funds when it was established in April 1982. Over the past more than 2 years, they have tried in 1001 ways to achieve better economic results and are preparing to pay off the loan with their profits next year.

At present, the road is becoming wider and wider for the Shoudu Iron and Steel Corporation in developing the tertiary industry. In the past 9 months, through technical transformation, nearly 10,000 staff and workers were transferred from various production units to capital construction and repair departments, and quite a few of them will engage in the development of the tertiary industry.

Commentator's Article

HK081036 Beijing RENMIN RIBAO in Chinese 5 Nov 84 p 2

[Commentator's article: "Boldly Develop the Tertiary Industry"]

[Text] On the basis of promoting technical progress and raising the level of automation in production, the Shoudu Iron and Steel Corporation has boldly developed the tertiary industry and has thus created a path for surplus labor forces and more wealth for society. This experience is worth our attention.

Developing the tertiary industry is an urgent need for making the nation prosperous and the people rich. At present, as the living standard of the people in both the cities and the countryside has been raised, there is an increasing need for various labor services among the masses, and much has yet to be done in developing the tertiary industry, which is a vast field for the employment of the labor forces. Along with the development of production, there will naturally be great development of the tertiary industry. At present, there are still many fields that have not been developed. In many places things have not been made convenient for the masses in regard to food, clothing, travel, and medical care, as well as in many other areas of their daily life. All this shows that we have no time to lose in developing the tertiary industry.

In order to develop the tertiary industry, it is necessary to mobilize the initiative of all fields. Since carrying out reform in the enterprises, as the number of staff and workers and the number of posts are fixed, a large number of workers and staff have become surplus labor forces. Thus, the development of the tertiary industry will be a way to make proper arrangements for the placement of these people. This is same for large, medium, and small enterprises, and for all organs. In the past -- due to the restrictions of the old management system -- "those who made bowls could not engage in selling soybean milk at the same time," and the initiative of the enterprises was hampered. As a result, many undertakings that could have been established were not established. In this regard, the Shoudu Iron and Steel Corporation has set a very good example. We must encourage and support all those enterprises that have excessive strength; and where conditions allow, develop a diversified economy and engage in the tertiary industry at the same time so that both material and manpower resources can be fully utilized.

However, instead of supporting the enterprises in engaging in tertiary industrial production and helping them dredge various channels, some administrative departments are abusing their power by interfering in the business of these enterprises and by delegating unnecessary tasks to them.

This must be corrected. Generally speaking, as some tertiary industrial departments have just emerged in our country and some are developing at a lower level, it is quite necessary to "help them and walk with them for a distance," so that all of them can develop smoothly.

In order to do a good job in developing the tertiary industry, it is necessary to make all the units relatively independent economic entities so that they can have a greater motivating force and vitality. It is necessary to prevent these new tertiary industrial enterprises from "eating from the big pot" of the state and state industrial enterprises, and avoid egalitarianism and indiscriminate transfer of resources, because this will only encourage inactivity, protect backwardness, and dampen the initiative of the enterprises. In developing the tertiary industry, the Shoudu Iron and Steel Corporation has adhered to the policy of independent accounting and assuming sole responsibility for profits and losses in the economic field. Practice shows that this is a good method which is conducive to a constant increase in capital and the prosperity of the enterprises.

HONGQI TO PUBLISH THEORETICAL ANTHOLOGY

HK080446 Beijing HONGQI in Chinese No 19, 1 Oct 84 pp 41-43

[Article by Xiong Fu: "Preface to the 'Selected Excellent Theoretical Articles From Hongqi'"]

[Text] Beginning this year, HONGQI magazine began to regularly select, through public appraisal, excellent theoretical articles. Now, those excellent theoretical articles chosen in the first selection have been compiled into one collection which is to be published by HONGQI Publishing House.

Our aim in carrying out this activity is to encourage and arouse the enthusiasm of the vast number of theoretical workers, and to build a closer relationship and closer cooperation between HONGQI and the vast number of theoretical workers. This will enable HONGQI to better fulfill its task of organizing the theoretical ranks, and especially of fostering young theoretical workers. Based on this we will examine and sum up the practical experience of HONGQI in theoretical propaganda and theoretical education work. Thus we will be able to more fully, unrelentingly, and firmly carry out the principle of "theoretical work must serve socialist modernization." This principle was put forward to us by Comrade Deng Xiaoping in his inscription to commemorate the 25th anniversary of the publication of HONGQI.

Our work in theoretical research, propaganda, and education is of extreme importance of our party. This has been proven throughout our party's entire history: We can clearly see from our party's entire history that the correct scientific theory we need is a theory that combines the universal truth of Marxism-Leninism with the concrete practice of the Chinese revolution. This theory is Mao Zedong Thought. In theoretical terms, the work done by our party in rectifying the guiding ideology since the 3d Plenary Session of the 11th CPC Central Committee has been to continue and persevere in the process of integrating Marxism-Leninism with the concrete practice of China's revolution, which was disrupted by the chaos of the "Cultural Revolution." In theoretical terms, the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee are correct also because they adhere to and have brought about the integration of these two aspects. This has opened up a new avenue of socialist construction which accords with China's national conditions and has Chinese characteristics. Thus it has become a lively manifestation of our party's adherence to and development of Mao Zedong Thought.

At present, our whole party and the people of the whole country are in a new historical period of socialist modernization. Our party's basic task is to build socialism with Chinese characteristics. This demands that we understand the new situation, sum up new experiences and resolve new problems in accordance with the party's ideological line of seeking truth from facts, under the guidance of Marxism-Leninism-Mao Zedong Thought and in the light of the practice of socialist modernization. From the point of view of theoretical work, we must proceed from China's actual conditions. By combining theory and practice, we must provide scientific and widely significant answers to the actual problems which arise in China's socialist modernization. We must not act with only a smattering of knowledge, speak glibly about things or, with only an understanding of the West and not of China, indiscriminately copy foreign formulas. That is, we must, in accordance with the principle of integrating theory and practice, use a Marxist stand, viewpoint, and method to study and resolve actual problems in socialist modernization. We must not take the individual theses of Marx, Engels, Lenin, and Mao Zedong as eternally unchanging dogma. Nor must we go to the other extreme of bourgeois liberalization. We must proceed from the actual situation within and outside the nation, the provinces, the cities, and the counties, and on the basis of the patterns of development of Chinese socialism, sum up and explain the practical experiences of the communist movement in China. We must not carry out this glorious and highly responsible theoretical cause recklessly or only in peaks of enthusiasm. Our party has, through the tortuous route traversed in the 30-odd years since the founding of the PRC, already established a road for building socialism with Chinese characteristics. However, our understanding of the patterns of China's socialist development, to a large degree, is still at the realm of necessity stage. This provides the basic task for us theoretical workers. As Deng Xiaoping pointed out in "Adhering to the Four Basic Principles": We must use the basic principles of Marxism to study the new situation and new problems encountered in building the four modernizations, and to put forward widely significant scientific answers. He also pointed out that, because building Chinese-style modernization (that is, the building of socialism with Chinese characteristics which he later put forward in his speech at the opening of the 12th CPC Congress) is a multifaceted, complicated, and arduous task, we must not simply discuss a few basic principles in our theoretical and ideological

We must study a large number of theoretical questions. For example we should study basic theoretical questions in the economic field, theoretical questions related to industry, to agriculture and to commerce, questions of management theory, and so on. In the political field, we should study questions related to politics, law, sociology and world politics. He also said: "We are a great Marxist party. If we do not stress research into Marxism, and do not promote the advance of Marxism in accordance with the development of practice, will we still be able to do a good job of our work?" He also criticized the phenomena of empty talk, being divorced from reality, slipping back to utopian socialism, remaining at the level of the individual theses of Marx of over 100 years ago, and failing to boldly and assuredly propagate the four basic principles. Later he also criticized the phenomenon of spiritual pollution on the ideological front. All these phenomena have occurred on the theoretical front, and we cannot state that they have ceased to exist. Clearly, we have not, even now, accomplished well these tasks set by Comrade Deng Xiaoping.

In practice and in theory, the central issue is the question of building socialism with Chinese characteristics. This question is one which we can of course further explore and discuss on the theoretical level. But we should recognize that the massive cause of 1 billion people participating in socialist modernization has already clearly revealed the direction we theoretical workers should take in researching this question.

We theoretical workers must continually liberate our minds, be in touch with reality, follow in the steps of practice, heed the call of practice, go deep into reality in investigative and research work, and grasp all materials relating to activities of practice. Through all the new things and new experiences which continually emerge from mass practice, we must study deeply the series of important questions raised through mass practice, and provide Marxist answers. I should be said that since the 3d Plenary Session of the 11th CPC Central Committee, we theoretical workers have in this field made great efforts to discharge our proper duties. This selection of our excellent theoretical articles made by HONGQI's liaison people and primarily by readers and specialists, is proof in one aspect of this.

However, no matter whether we are speaking in terms of building a socialism with Chinese characteristics, in terms of realizing the general aim of quadrupling total annual industrial and agricultural output value by the end of this century, in terms of completing the program of "one, two, three, four" (that is, one goal, the building of two civilizations, the three basic tasks, and the four basic principles and basic guarantees), or in terms of building our party into one which makes great new contributions to the development of Marxism, our party's theoretical work must reach a new level. Generally speaking, this requires the further summing up of the historical practice of the communist movement in China and the experiences of current practice, especially in the practice of reform in the various fields and various aspects of socialist modernization. We must earnestly study the major theoretical questions in the establishment of a socialism with Chinese characteristics, including questions in the political, economic, military, cultural, and ideological fields. We must earnestly use Marxist ideology to condense and sum up the developments of science and technology and use the results of progress in modern science and technology to enrich and develop the Marxist world view and methodology. We must strengthen research in the basic Marxist principles and Marxist classics and documents, so that Marxism can really become our guide to action and we need not repeat the errors of dogmatism. We must earnestly study the rich cultural and ideological achievements in China's history so that the development of Marxism on the basis of China's cultural and ideological tradition can have a Chinese national form and Chinese national characteristics. We must earnestly study cultural and ideological achievements in world history and their current developments, and use new conclusions to enrich and supplement Marxism. In brief, we must through continuing to closely integrate the universal truth of Marxism-Leninism with the concrete practice of China's construction, adhere to and develop Mao Zedong Thought.

Without doubt, this is an extremely glorious and formidable task for we theoretical workers. HONGQI has only done a small part of the work in achieving this task. There remain many fields where work has been defective or insufficient. We hope to further and more closely unite with the theoretical workers of the whole party and to struggle alongside them. Through more intimate cooperation, we can promote work in this respect and carry out this task.

It was in cherishing the above-mentioned understanding and aspirations that we carried out the activity of selecting, through public appraisal, excellent theoretical articles from HONGQI magazine. Here I wish to use the opportunity afforded by the publication of this work to express our most warm and heartfelt thanks to the HONGQI liaison people and primarily to the readers and specialists who participated in the selection of the articles.

Contents of 'HONGQI' Excellent Theoretical Articles 1979-1983

Sun Yefang: [1327 0396 2455]: "On the Necessity of Reforming the 'Reproducing Antiques and Freezing Technological Progress' Equipment Management System"

Jiang Yiwei [5592 0001 5517]: "Discussing the Leadership System of Socialist Enterprises"

Shi Zhongquan [4258 0112 3123]: "A Paragon in Summing-Up Historical Experiences -- Studying the 'Resolution on Certain Questions in the History of Our Party Since the Founding of the PRC'"

Du Runsheng [2629 3387 3932]: "Agricultural Responsibility Systems and the Reform of the Rural Economic Structure"

Zhang Yun [4545 5686]: "Strengthen Party Spirit and Strive for a Basic Turn for the Better in Party Spirit"

Duan Ruofei [3008 5387 7236]: "The Theory of Scientific Socialism and China's Socialist Reality"

Li Jijun [2621 7139 6874]: "The Characteristics and Historical Position of Mao Zedong's Military Thinking"

Yu Yannan [2456 3601 0589]: "On Our Nation's Working Class After the Elimination of the Bourgeoisie as an Exploiting Class"

Gong Yuzhi [7895 5148 0037]: "Earnestly Build a High Degree of Socialist Spiritual Civilization" (when originally published, this article was signed "HONGQI Commentator")

Wang Shuwen [3769 0647 2429]: Xiao Weiyun [5135 5588 0061] and Xu Chongde [6079 1504 1795]: "The New Constitution Is a Total Constitution for Administering and Securing the Country in the New Period"

Liu Fangtong [0491 2397 2717]: "Sartre and His Existentialism"

Li Ji [2621 7535] and Guo Qingshi [6753 1987 0099]: "Uphold the Marxist Principle of Our Party in Developing Relationships With the Communist Parties of Other Countries"

Hu Sheng [5170 4939]: "Marxism and China's National Condition"

Cheng Hui [4453 2547]: "Great Changes in Marx Conception of History"

Qian Jiaju [0578 1367 7467]: "In Stressing Knowledge We Must Stress Education"

Jin Wen [6855 3080]: "Grasp the Laws, Throw Oneself Into Reform -- On the Agricultural Production Responsibility System"

Lu Zhichao [4151 0037 6389]: "Using the Theory of the Development of Dialectical Materialism in Looking at Socialist Society"

Yang Gang [7051 4834]: "Intellectuals in Literature"

Yu Ruomu [0060 5387 2606]: "Nutrition -- An Important Matter Related to the Peoples' Health"

Yu Gang [0060 0474] and Yu Jianze [0151 7003 0463]: "A Brief Discussion of the Historical Road of China's Democratic Parties -- Studying the 'Selected Works of Deng Xiaoping'"

COMMENTATOR ON STUDYING URBAN REFORM DECISION

HK080602 Beijing RENMIN RIBAO in Chinese 7 Nov 84 p 1

[Commentator's article: "Participate in the Practice of Reform"]

[Text] After the publication of the "Decision of the CPC Central Committee on Reform of the Economic Structure," various localities have done well in making ideological preparation for reform through conscientiously studying the document. There are two methods to study and implement the "decision":

1. Meetings are held and articles are published at all levels. People take turns stating their positions, or even making a terrific din. At the meetings, some people only discuss the "decision" in terms of concept, without integrating it with practical conditions and their thinking.
2. People are encouraged to participate in the practice of reform in order to conscientiously conduct investigations and studies, sum up successful experiences, and enhance confidence and courage for reform.

The first method of study is the formalistic method. The purpose of some people in pursuing this method is to present an acceptable front for their immediate superiors. If they do not do so, it would be thought that they failed to "follow up closely." Actually, this method should be opposed while implementing the spirit of the 3d Plenary Session of the 12th CPC Central Committee. Leading comrades of the central authorities pointed out: To implement the spirit of this session, leading cadres at all levels should conscientiously study the document. In the meantime, they should get out of their offices to institute in-depth investigation and study.

Some comrades might think that this 17,000-character decision was adopted by the central authorities based on sufficient investigations and studies, and repeated explorations and discussions over the past few years. Since this decision contains experimental experience, theories, and guiding principles and policies, what the lower levels should do is implement it. Is it necessary to conduct investigations and studies? Actually, economic structure reform is a new and arduous project that concerns the future of our country, and the basic interests of the people. To deal with this matter of primary importance, the method of simply talking about empty theories and relying on previous old experiences will get us absolutely nowhere. A few years ago, in the process of implementing the policy of the central authorities on rural reform, we made investigations and studies, constantly put it into practice, and carried out selected experiments. Only thus could we attract the broad masses of peasants to the mighty torrent of reform so that we succeeded in developing rural reform step by step, and improving it gradually.

The present economic structure reform with an emphasis on urban reform is much more complicated than rural reform because it involves the entire economic sphere. It is a transformation of profound significance. Its importance is no less than that of the transformation of capitalist industry and commerce in the 1950's. The present economic scale in our country is larger than that in the 1950's. Our economic forms and management methods are also much more complicated. Matters such as the commodity economy, law of value, reform of the pricing system, competition among enterprises, simpler administration, delegation of power, and others expounded by the "decision" have broken with outmoded conventions in terms of theories and guiding principles and policies. It is impossible to study and master the "decision" at one go. It is impossible to implement it without encountering difficulties. The "decision" is a scientific summation of economic reform over the past few years and comes from the practice of reform.

Only by applying it again to practice, going down to the grassroots units, conducting investigations and studies, having the local situation and the trades and services concerned well in hand, making an in-depth study of the experience gained through selected experiments, and understanding the new conditions and problems of reform, can we have the initiative of guiding the reform in our hands.

Economic structure reform demands that we improve our work method and work style. Without a good party work style, it is impossible to do well in reform. Investigations and studies should run through all processes of reform. The policy decision of the central authorities is correct. To turn this correct policy decision into a vivid reality, we should conscientiously study it, and grasp its spirit. In the meantime, we should go deep into the practice of reform, and give play to our initiative and creativeness. We should make efforts to promote the healthy development of reform of the economic structure.

COMMENTATOR ON ENLIVENING LARGE ENTERPRISES

HK060921 Beijing RENMIN RIBAO in Chinese 5 Nov 84 p 1

[Commentator's article: "Let Large Enterprises Be More Vigorous"]

[Text] In the past few years, the state has taken a series of measures to enlarge enterprise decisionmaking power. Enterprises have been packed with a certain degree of vitality. But as things now stand, generally speaking, village and town enterprises are more active than big collective enterprises and the latter are more active than state medium-sized and small enterprises. State medium-sized and small enterprises are in turn more active than large enterprises. Many large state enterprises are rigidly controlled. The State Council's 10 provisions on enlarging enterprise decisionmaking power have not been firmly enforced in many of these large enterprises. This is very unfavorable to enlivening the economy.

Large state enterprises occupy an important position in the national economy. According to data provided by the state Statistical Bureau, of the 380,000 industrial enterprises across the country there are 1,020 large enterprises with annual profits and taxes above 10 million yuan which account for 0.7 percent of the total. [figures as published] Their total output value accounts for 31.2 percent of total industrial output value. But payments in profits and taxes represent only 51.7 percent of the total of such industrial payments. Whether these large enterprises are packed with vitality has a direct bearing on the modernization process. It is a matter that can never be treated lightly.

A problem with large state enterprises in becoming active lies in higher-level leadership departments not delegating power to them. Some comrades have a misunderstanding of the guiding idea of "keeping hold on the big but loosening hold on the small" -- an idea related to planning system reform. They think that only control over small enterprises needs to be relaxed; control over large ones must still be tightened. Another important problem is that the cadres of some leadership departments are not quite reconciled to the delegation of power to large enterprises. This is because the good or bad performance of these enterprises in regard to products and economic results has a great bearing on production, life, and the state's financial income. Bungling the job would affect the situation as a whole. This actually is the idea of "obsession with examination and approval power" being at work -- an idea that has formed in people's minds over a long period of time due to the system of overconcentrated economic control.

It is held that their hearts can be set at rest only with their own examination and approval of the operating pattern of large enterprises, including operating plans, technical transformation, the use of their own retained share of funds, the employment of workers, wage payment, the handing out of bonuses, and so forth. In fact, given too many projects waiting for examination and approval, the leadership departments are bogged down in "mountains of paper." They fail in the management of medium-sized and small enterprises and equally fail in the management of large enterprises. The conditions of large enterprises are complicated. Without understanding the actual conditions, the leadership organs could hardly avoid erring. This has been proven by more than 30 years of practice.

Large-sized backbone enterprises are generally repositories of talent, and their management personnel and technical forces are relatively strong. Given reorganization in the past few years, the quality of enterprises and the technical knowledge and the cultural level of leading groups have generally shown improvement. There have also emerged a number of fine cadres with zest for reform and courage to create the new. Meanwhile, many large enterprises involved in experiments with enlarged decisionmaking power have achieved marked results and have created a wealth of experiences. All this has provided favorable conditions for the proper handling of the reform of large-sized backbone enterprises. In the days ahead, as long as we give them freedom and scope for full development, large enterprises will be able to take off.

Apart from the necessary general and specific policies and guiding plans for large-sized backbone enterprises, the state must not only delegate power in the management of personnel, financial management, and management of general affairs but also entrust them with power in the matter of self-transformation and self-development. Meanwhile, based on needs and possibilities, the state should properly delegate to enterprises the power for handling imports and exports, negotiating with foreign businessmen, signing contracts, and so forth. Recently, the China Automobile Industrial Company delegated power and entrusted increased power to the First Automobile Factory and the Second Automobile Factory. This enabled the two factories to decide on their own output, the variety of products, the scale of production, technical transformation, and so forth, in light of their own production and operation activities, their own available funds, market needs, and other conditions, given the general plans for development approved by the state. This practice has set a good example in enlivening large enterprises. As long as other departments in charge delegate power to large enterprises in line with relevant provisions and actual conditions, large-sized backbone enterprises can be kept alive and enabled to thrive and flourish, making still greater contributions toward the revitalization of the national economy.

STRONG HORIZONTAL ECONOMIC LINKAGE STRESSED

HK070847 Beijing RENMIN RIBAO in Chinese 5 Nov 84 p 2

["Work Research" column by Dong Shaohua and Ren Kelei: "Horizontal Economic Linkage Is Very Important"]

[Text] Strengthening the horizontal economic linkage between regions, trades, and enterprises and promoting rational exchanges of capital, equipment, technology, and talents are of crucial importance to the enhancement of economic results for the entire society.

The intrinsic linkage of the economy is the logical result and objective requirement of the development of society's productive forces. With the development of the commodity economy, the specialized division of labor will become even more detailed, which means that the horizontal economic linkage will become closer and closer. In order to realize expanded reproduction with the most economical resources, the lowest cost, the greatest speed, and the shortest circulation routes, it is necessary for enterprises to find their most suitable partners in the course of production and circulation, so that they can carry out economic and technological cooperation and jointly run various kinds of economic undertakings in a bid to achieve the highest production with the least investment, in order to meet the needs of society and invigorate the economy.

For a very long time, the horizontal economic linkage in our country has been very weak. As a result, the superiority of socialism has not been brought into full play. The cause of this weakness in horizontal linkage is many-sided: the predominance of the small-scale peasant economy, the influence of the ideology of self-sufficiency, the influence of the "leftist" ideology in our guiding ideas in running the economy, and so on and so forth. From the angle of the economic management system, it mainly manifests itself in the excessive concentration of decisionmaking and management power, in too many directive plans, in excessive control over enterprises, and in the lack of independence in carrying out association and coordination. The result of the enterprises being under the jurisdiction of the administrative departments or local organs can only be vertical linkage; as for the horizontal linkage, the situation is really "mountains apart for enterprises in different trades." Furthermore, because the position of enterprises as relatively independent commodity producers and operators is not recognized, their products are distributed by the state and the raw materials they need in production are granted by their upper-level units; in this way, the role of exchange in the market is neglected to a considerable extent, leading to the existence of barriers between different departments or regions and the establishment of separate systems.

One of the evil results of barriers between different departments or regions and the establishment of separate systems is the impediment of technological progress. The mode of transference of science and technology should mainly be horizontal. In the industrially developed countries, the rate of success for vertical technological transfer -- from fundamental research to applied research, to development research, to the manufacture of new products -- is under 5 percent; and the rate of success for horizontal technological transfer -- through competition the enterprises carry out a process of imitation and improvement on the basis of the products of others -- is as high as 60 to 80 percent. The backward level of our technology and equipment has much to do with the situation of closed-door practices, mutual blockades, lack of competition, and severance of horizontal linkage.

Another evil result of barriers between different departments or regions and the establishment of separate systems is the serious level of waste. In our mechanical manufacturing enterprises, 69 percent of the total number of enterprises have casting processes, 50 percent have forging processes, 54 percent have welding processes, 66 percent have heat treatment processes, and over 80 percent of the enterprises have complete facilities covering all the principal processes. But in the enterprises of the developed countries, over 80 percent of their principal products are produced by specialized units. Facts have proved beyond any doubt that comprehensive production leads to waste, while specialized production leads to economy.

The third evil result of barriers between different departments or regions and the establishment of separate systems is low work efficiency. Normally, two factories in a city, a locality, or even in the same area are separated only by a wall and should be able to coordinate their efforts in doing something successful; however, because they belong to two different departments, they have to get the approval of their upper-level leadership separately, thus leading to the missing of opportunities or failure in doing things that should have been successful. Lots of facts have demonstrated that weak horizontal linkage plays a terribly suffocating role in relation to the economic vitality of our country.

In recent years, horizontal economic linkage has been strengthened to a certain extent and positive results have been achieved in some regions and departments. This is really very encouraging. However, this kind of linkage is still weak, which is very incompatible with the requirements for the economic development of our country. We hold that horizontal economic linkage should be multilevel, and its basis should be the enterprises. With the implementation of the 10 regulations of the central authorities on expanding the decisionmaking power of enterprises, the enterprises have the power of independent operation and the power of transforming and developing their own units. Therefore, it is necessary to resolutely break through the system of ownership by departments; to shatter the blockade between regions and trades; and to promote extensive cooperation between enterprises (especially the large and medium-sized enterprises). Only in this way can horizontal linkage have a solid basis and develop smoothly and persistently. Furthermore, with the continuous development of the socialist commodity economy and economic and technological exchanges, the ineffectiveness of communications and information have become an important factor that affects the expansion of horizontal linkage. Therefore, we must speed up the construction of communications and transportation as well as posts and telecommunications. In addition, if the problem of a certain degree of free circulation of capital and funds in a horizontal direction is not solved, it will also be difficult to develop horizontal economic linkage. Overemphasis on the departmental management of capital and funds is not beneficial to enlivening the economy. It is necessary to make improvements in the establishment of financial organs, in methods of raising funds, in methods of settling accounts, and in the management of credit and loans, so that the requirements for developing the commodity economy can be met.

YE FEI AT NEW 4TH ARMY COMMEMORATION EVENTS

OW081051 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Nov 84

[Excerpts] On the morning of 7 November more than 60 old comrades of the New 4th Army, including Ye Fei, Hui Yuyu, Guan Wenwei, and Zhong Guochu, excitedly attended the unveiling ceremony for the exhibition hall at the old site of the Jiangnan command of the New 4th Army and for the statues of Chen Yi and Su Yu at (Shuixi) Village in Liyang County.

Ye Fei, vice chairman of the NPC Standing Committee, addressed the unveiling ceremony. He also joined Comrades Hui Yuyu, and Guan Wenwei in cutting the ribbon for the unveiling ceremony.

The more than 60 old comrades also attended a meeting marking the 45th anniversary of the Jiangnan command of the New 4th Army on the afternoon of 7 November. Also present at the unveiling ceremony in the morning and the meeting in the afternoon were other leading comrades, including Kang Di, a member of the Central Discipline Inspection Commission; Shen Daren, deputy secretary of the Jiangsu Provincial CPC Committee; and (Chen Yuying), secretary of the Changzhou City CPC Committee.

PENG ZHEN VISITS HARBIN TRACTOR PLANT

OW081117 Beijing XINHUA Domestic Service in Chinese 0104 GMT 5 Nov 84

[By reporter Zhang Chijian]

[Excerpts] Harbin, 5 Nov (XINHUA) -- The Harbin tractor fittings factory, which once faced work stoppages, is now full of vigor. The enthusiasm of its staff members and workers is running high and it is producing a wide variety of products. As a result, the factory has turned deficits into profits. The personnel and the plant are the same. The what are the causes of the change? The reasons for this are the simplification of administrative procedures, delegation of power to lower levels, and proper enforcement of economic responsibility system.

Not long ago, Peng Zhen, chairman of the NPC Standing Committee, visited the factory and praised its staff members and workers for their good work. After the factory simplified its administrative procedures and delegated power to the lower-level personnel, it made a profit of 830,000 yuan last year. From last January to September, its output value and earnings again increased by more than 20 percent over the same period last year.

LI PENG CUTS RIBBON FOR TRADE FAIR 4 NOV

OW042100 Beijing XINHUA Domestic Service in Chinese 1257 GMT 4 Nov 84

[By reporter Sun Yongsheng]

[Excerpts] Tianjin, 4 Nov (XINHUA) -- A first national meeting on exchanging experience in inland water and marine observation and survey instruments and technology, and a trade fair for inland water and marine observation and survey instruments opened in Tianjin today. Vice Premier Li Peng cut the ribbon for the trade fair. The experience-exchange meeting and the trade fair are cosponsored by the Ministry of Water Conservancy and Electric Power and the State Oceanography Bureau. Some 600 persons are attending the experience-exchange meeting. They include experts from water conservancy and electric power departments, scholars and representatives of the departments concerned and some colleges. The meeting will close on 10 November.

FANG YI ON CONTINUING EDUCATION FOR ENGINEERS

OW040633 Beijing XINHUA Domestic Service in Chinese 1228 GMT 3 Nov 84

[By reporter Zhang Jimin]

[Text] Beijing, 3 Nov (XINHUA) -- In his speech at today's inaugural ceremony for the China Association for Continuing Education in Engineering, Fang Yi, member of the Political Bureau of the CPC Central Committee and state councillor, stressed that education to update the knowledge of scientists and technicians engaged in engineering science and technology serves the needs of rapid scientific and technological development as well as the four modernizations drive. He said it is imperative to ensure the success of the important matter of continuing education in engineering.

Fang Yi said: Most of today's scientists and technicians on all fronts graduated from college in the 1950's and 1960's and acquired scientific and technical knowledge of the 1940's and 1950's in school, so they are somewhat unfamiliar with some new theories, technologies, products, techniques, and materials that have emerged since the 1960's.

Although many comrades have diligently engaged in self-study, they still cannot meet the needs of their actual work because of the influence of the 10-years of internal disorder which imposed limitations on them. According to the findings of a spot check conducted by the departments concerned of college graduates from 1965, 45 percent had outdated knowledge after 10 years. This shows the seriousness of the problem of outdated knowledge. He noted: Confronted with the challenges of the current new technological revolution in the world, China must familiarize scientists and technicians with the substance, trends, and developments of the new technological revolution, as well as enable them to master new knowledge accordingly as soon as possible. Without this basic effort and without people who can master the latest knowledge, there is no way to meet the challenges of the new technological revolution. Therefore, continuing education in engineering, with "updating knowledge" as its focus, will certainly win the enthusiastic support and welcome of the broad masses of scientists and technicians. This is also an important way to ensure success in the party work among intellectuals.

Fang Yi also pointed out the following tasks to be undertaken in continuing education in engineering now and in future:

1. It is necessary to bring about a new situation in continuing education in engineering in a reformer's spirit. He said: Although some departments and units have already begun to conduct continuing education in engineering, the whole nation is still in the initial stage. The units concerned should, on the basis of economic reform, boldly offer suggestions on new methods and ways to speed up continuing education in engineering.
2. Leading cadres at various levels should show concern for and attach importance to this task. It is necessary to seek effective solutions to the problems of funds, sites, and faculty for continuing education in engineering, and gradually make it a regular and systematic work.
3. It is necessary to socialize and diversify continuing education in engineering. Fang Yi said: Updating the knowledge of China's nearly 7 million scientists and technicians is an ongoing process. We should boost the initiative of all sectors and offer short-term training or courses to personnel released from regular work.
4. Focus on the main points. For instance, it is necessary to popularize the use of computers among scientists and technicians.

Zhang Guangdou, chairman of the preparatory committee for the China Association for Continuing Education in Engineering, also addressed the ceremony. He said: Continuing education in engineering is an education for on-the-job engineers, scientists, and technicians to constantly update their knowledge. The association will be a national academic organization for the masses for conducting continuing education in engineering.

SONG RENQIONG INSPECTS SHAANXI'S YULIN AREA

HK070207 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 6 Nov 84

[Text] Song Renqiong, member of the Political Bureau of the CPC Central Committee, inspected Yulin Prefecture from 2 to (?5) November. He was accompanied by Zhou Yanguang, secretary of the provincial CPC Committee. Comrade Song Renqiong listened to a report given by Prefectural CPC Committee Secretary (Ren Hevi) on the achievements scored and experiences summed up in tree planting and grass growing to curb sand in the prefecture and on a number of measures taken in accordance with the spirit of [words indistinct].

On the afternoon of 3 November, Comrade Song Renqiong went down to the rural areas to inspect the work of tree planting and grass growing to curb sand [words indistinct]. He investigated economic development and improvements in daily life there and was photographed with the family of peasant Liu Baitang. He expressed the hope that the family would not be content with an income of several thousand yuan but would work to become still richer.

On the morning of 4 November, Comrade Song Renqiong made a speech at a meeting of cadres of the prefecture and its countries and towns. He pointed out: Yulin Prefecture has scored very great success in recent years in planting trees and grass, curbing the advance of the desert, eliminating poverty and getting rich. The prefecture has done rather well. These experience in curbing the sand are of great significance both politically and economically. Vigorously planting grass and trees for thoroughly curbing the desert, and developing animal husbandry, stockbreeding, and processing represent a long-term task in the prefecture's economic construction. This is also the fundamental path for the people of Yulin to follow in eliminating poverty and getting rich. Comrade Zhou Yanguang also spoke at the meeting.

CORRECTION TO RENMIN RIBAO ON LITERATURE, ART

The following correction should be made to the item headlined RENMIN RIBAO on Making Literature, Art Prosper" published in the 25 October China DAILY REPORT on page K 3:

Paragraph one, line one should read: [Text] Very recently Comrade Hu Yaobang proposed three phrases -- work energetically, achieve great unity, and promote great flourishing -- to comrades in literature and art circles. These were required not only for the fifth national congress of writers and artists, but for all literature and art work and for comrades on all fronts in the new historical era. This call expresses.... (Commentator appears to be referring to Hu's message to a recent gathering of artists and writers called by the CPC Central Committee's Propaganda Department as reported in the 26 September China DAILY REPORT page K 2)

JIANGSU'S INDIVIDUAL BUSINESSES INCREASE

OW081223 Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 7 Nov 84

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, our province's individual industrial and commercial businesses in both the cities and the countryside have developed with relatively good speed. According to statistics published by the provincial departments concerned, by September this year, the number of licensed industrial and commercial businesses in the whole province had increased to 618,000. They employ more than 790,000 people, an increase of 2,600 percent over 1978.

The developing individual industrial and commercial businesses in both the urban and rural areas have played a positive role in enlivening the economy, vitalizing the market, promoting production, providing services to the masses, creating jobs for both the urban and rural population, pioneering production and business opportunities for surplus farm labor, and spurring the state-run enterprises to improve their management styles.

SHANGHAI SYMPOSIUM HELD ON ECONOMIC DEVELOPMENT

HK070419 Beijing SHIJIE JINGJI DAOBAO in Chinese 15 Oct 84 pp 5, 6

[Report: "A Roundup of the Shanghai Symposium on the Strategy and Tactics of Economic Development"]

[Text] Editor's note: In late September this year, a symposium on the strategy and tactics of economic development was held in Shanghai. Speaking at the symposium were XU Dixin, Qian Junrui, Tong Dalin, Yang Jike, Jiang Yiwei, Xu Jingan, Yu Guangyuan, Huan Xiang, Du Sha, Li Baoheng, Xu Yi, Xue Baoding, Su Xuehan, Xue Moqiao, and Zhou Guangchun. State Council member Song Ping made a speech. In response to our readers' demands, this paper is printing the following roundup of the symposium. [end editor's note]

1. Shanghai's Special Functions Form the Starting Point of the Strategy for Its Economic Development

To transform and revitalize Shanghai, it is first necessary to clarify the special status and important role of Shanghai in the four modernizations movement throughout the country. What is this special status and role possessed by Shanghai? The recent words of CPC Central Committee leaders on the subject of Shanghai point up the essence of the issue. "Shanghai must fully exploit its role as port and central city, give play to its functions in the spheres of the economy, science and technology, and culture, and act as a trailblazing pioneer for the country's four modernizations." The words "trailblazing pioneer" point up the role which Shanghai ought to play in the nation's four modernizations. Centering on this special status and role as "trailblazing pioneer," participants in the symposium put forward the following views concerning the importance and functions of this great city.

1. Shanghai represents one of the strongest pillars of the Chinese economy and of the four modernizations; it is a major support and base area of the national economy, while the people of the whole country place great hopes on Shanghai, hopes that it will develop even faster and further. The whole world is watching Shanghai, seeing it as a "levelling instrument" with which to gauge China's economic and social development. The relationship between Shanghai's economy and that of the whole country is such that if Shanghai makes one lively move, the whole country will live up. Therefore, the question of whether Shanghai is revitalized or not has a bearing on the fate of the national economy and of the nation's economic system reform.

2. Shanghai represents China's largest socialist commodity economy center. The importance of Shanghai's economic status, and the exploitation of the capacities of the city, are ultimately linked with the question of whether we are going to develop the socialist commodity economy. In the past, Shanghai was China's largest commodity economy center under semicolonial conditions; it is now necessary to turn it into its largest such center under socialist conditions. Over the last 30 years or so, Shanghai has undoubtedly produced massive results in its emphasis on exploiting its role as industrial base, but it has ignored its role as financial, trade, and information center. Henceforth Shanghai should become China's major trading, financial and information center, and an important axis for economic, scientific, technological, and cultural exchange.

3. Shanghai should become China's most important and multifunctional economic center. It should be a center for China's open domestic and foreign policies, and a trail-blazing pioneer in forming domestic links and expanding foreign trade. Shanghai is the city with the most numerous and intensive economic contacts with the rest of the world. It is also the city with the most numerous and broadest links with other regions in China; and is thus the "central point" of the two fan-shaped radii of China's economy. It is the "joining point" between the capitalist and socialist commodity economies, and in the process of forming broad economic contacts and participating in intense competition with the world and China, it should revitalize itself and exercise its role as China's most important economic center, building up into one of the world's economic centers.

4. Shanghai should be China's largest trading center. Shanghai's greatest advantage in both its capacity to take the lead and its ability to make major contributions to the nation, lies in foreign trade. Therefore, Shanghai should become not only China's largest foreign economic relations and trade center but also should be one of the major trade and financial centers of the Far East and the world. Shanghai's hope lies in facing the world; only by taking part in intense international competition can it become prosperous, and only in this way can it bring about prosperity in the various trades and industries of Shanghai. Shanghai can only come to be of service to the whole country by first turning its face to the world. The Shanghai people must trade with foreigners and earn foreign currency, for this is Shanghai's real talent. In pursuing the policy of opening up to the outside, Shanghai should transform its previous "metropolis infested with foreign investors" which used to be open to imperialism, into a socialist "great metropolis" and build what was previously an adventurers' playground into a "recreation ground" for international entrepreneurs.

5. Shanghai should become one of China's scientific and technological centers, and indeed one of the world's. Shanghai possesses China's greatest intellectual resources, and it is this which dictates that Shanghai should become the country's major scientific and technological center, and a central point for the introduction, sale, transfer, research and development, and popularization of new technology. It should become a supply center for the whole country, providing new technology, new industry, new equipment, new materials and key basic tools and spare parts, becoming thus the major domestic and foreign axis for technological exchange. Many people have pointed out that in international contacts is difficult to introduce genuinely advanced new technology, and therefore, China must rely on its own strength, carry out experiments and research, and make great efforts to train new personnel. The forces of scientific research and education possessed by Shanghai are by no means inferior to those of the newly industrialized regions of Asia, and far surpass those of China's Hong Kong and Taiwan.

Shanghai must and can become the center of the whole country in terms of the research and development of new technology and new products, and personnel training, and take on the role of "trailblazing pioneer." Shanghai must send technology and personnel out all over the country; this is an unshirkable task.

2. Break Out of the Confines of Shanghai, Bring Out Shanghai's Great Boldness of Vision, and Draw Up a Strategy for Shanghai To Open Up Roads to the Whole Country and the Entire Globe

On the strategy for Shanghai to "base ourselves in Shanghai, link up with its economic region, rely on and serve the whole country, turn to face the Pacific Ocean, and reach out to the whole world," one opinion is that opening up a road to the entire globe necessitates drawing up a developmental strategy involving different levels. That is to say, Shanghai's strategy for development must be analyzed and drawn together at four levels -- the world, China, the middle reaches of the Chang Jiang, and Shanghai itself.

1. Shanghai must first turn its eyes on the whole world and open up roads to it. Shanghai's Bund must open up contacts with New York's Wall Street, while Shanghai's industrial circles must have dialogues with the large foreign financial groups; Shanghai's big enterprise must develop toward the goal of becoming multinationals, enhancing Shanghai's status as a world economic center; certain industries, trades and products must fight to become first on the world markets.

2. Shanghai must open up to the world country, while the whole country must be opened up to Shanghai, eliminating all "man-made" obstacles.

3. We must establish the economy of the middle and lower reaches of the Chang Jiang, starting with the Yangtze River Delta as the center, and bringing into full play Shanghai's role as a central city. We must do a good job of building up "internal links" and open up all sorts of lateral economic contacts.

4. The economy of Shanghai itself must be liberated from the old economic model and all the various old rules and regulations, and instead be built up into an economic structure suited to the needs of the four modernizations and developing toward the international economic setup.

Another view is that we should carry out a strategy of "going upstairs" and "going out of the door." "Going upstairs" means raising the structure of Shanghai's industries and products to a higher level, establishing new-type industries, transforming traditional industries, developing tertiary industries, and improving and transferring existing industries. Once things have been improved by one stage they may be raised to another stage, while low-level trades and products must be dispersed. There are two types of disposal: One involves dispersing certain high energy-consumption and high material-consumption industries to the hinterland where there are energy resources, material resources and market. This is not the same as what happened in the 1950's, but is instead a question of shifting production tasks (including the administrative tasks and the tasks of handing over products to the higher authorities), and of shifting technology and management experience. Another type of dispersal involves using the method used in Beijing, and "walking the white and blue road," dispersing certain spare parts production for large enterprises to the small villages, and establishing a new relationship with the villages surrounding the city. "Going out of the door" involves two aspects, one being going abroad, the other being going into the interior. In either case Shanghai can adopt methods of cell division and reemerging according to different conditions, and going abroad or into the Chinese interior to set up factories or shops, conduct financial and trading activities, or become involved in industry, culture or education, and so on.

Shanghai enterprises should "have long sleeves and be good at dancing," dancing all over the country and the world giving performances.

Another view is that we must transform Shanghai's industrial structure, making it more modernized. Many people were of the opinion that Shanghai must both establish new industries headed by microtechnology, and also transform key sectors of traditional industry, and further make great efforts to develop tertiary industries, going in for trade, finance, science and technology, culture, services, and so on. Some people proposed that on the question of industrial mix, it is necessary to break through the thinking that Shanghai could "do a bit of everything". While Shanghai's comprehensiveness used to be an advantage, it is definitely not one now. The time when Shanghai used cheap materials from the rest of the country is already gone, and if we fail to readjust the product mix, difficulties will accrue later. The only solution lies in opening up new product lines and upgrading or changing to different lines. Some people also propose that in the sphere of the structure of enterprise scales, Shanghai is no longer suited to having such massive factories as the Baoshan Iron and Steel Plant; instead, it should support, develop and transform medium-sized and smaller enterprises. Henceforth Shanghai should concentrate on developing enterprises which are technologically advanced and small but precise, flexible, and specialized.

Another view is that Shanghai should assert guiding thinking which is based on enhancing "scientific forces of production" to revitalize its own economy. This involves two aspects: one is the development of new technology based on science, and defining Shanghai's key development areas in the scientific and technological fields; the other is the development of complex systems technology for urban, economic and enterprise management. All developed countries have used scientific and technological development to revitalize their own economies, and Shanghai should do the same to support the whole country.

In the sphere of urban transformation, specialists pointed out that Shanghai cannot tread the same old path taken by New York and Tokyo, that is, constant expansion in all directions, but must instead on the one hand establish a new Shanghai and its satellite towns and villages, and on the other grasp the task of transforming old Shanghai; in particular, we must transform certain old areas of the city which contain dangerously decrepit houses, single-story houses, and old-style houses, gradually improving living conditions for Shanghai's citizens; and on the other hand, we must construct the satellite towns and concentrate investments in building up a brand-new, modernized new Shanghai. Many of the world's large cities have both old and new areas; Paris, for example, has three parts -- ancient, modern and contemporary.

On the question of Shanghai's "links on the domestic front," there is a need to clarify strategic thinking. During the Cultural Revolution, Shanghai gave the various regions of China a very bad impression. Over the past few years Shanghai has made "internal links" with its brother provinces and municipalities, strengthened economic and technological cooperation, and made some progress in this, but some people in Shanghai have been too selfish and calculating, affecting these "links." Shanghai must be less "selfish" and more bold in outlook, and establish a good impression again all over the country. The astute nature of the Shanghai people must be brought to bear on the larger situation, on strategic vision; it must be used to create socialist trustworthiness and civilization, and on improving still further its own technological and management levels.

3. Shanghai's Quadrupling Must Be Calculated in Terms of the Whole Country

When discussing the strategy for Shanghai's economic development, many people conducted explorations into the question of Shanghai bringing about a quadrupling by the end of the century. One view was that Shanghai must carry out this quadrupling. Shanghai is responsible for one-ninth of the country's gross industrial output value, making it the highest in the land, while its gross industrial and agricultural output value are second highest in the country; therefore, if Shanghai fails to quadruple, other regions could not possibly make up for it, since five or six other provinces together would not catch up with it; added to this is that if Shanghai fails to quadruple, its advantages could not be assured.

During this symposium the majority view was that the whole question of Shanghai quadrupling its gross industrial and output value needed discussion. This is because first, to quadruple would mean even graver consequences in terms of pollution, transport, energy consumption, material consumption, water and land use. Second, the industrial mix would become even more irrational, and not produce good economic results. Third, what other areas need most urgently from Shanghai is the provision of science and technology, information, and advisory services, personnel training and so on, and therefore Shanghai should not simply give play to its role as an industrial base but should play all sorts of roles. Some comrades were of the opinion that instead of talking about quadrupling the gross industrial and agricultural output value, Shanghai should talk about quadrupling the GNP.

Many people pointed out that Shanghai's role lay mainly in making contributions to the achievement of the whole country's strategic goals, and that it should not simply aim at quadrupling its own gross industrial and agricultural output value. If it concentrated solely on this sort of quadrupling, it would have to compete with fraternal provinces for raw materials, energy resources, and markets, which would quite likely expand contradictions between the fraternal regions. Emphasis should be placed on expanding foreign trade, and earning more foreign currency for China; on selling, introducing and popularizing advanced technology, providing information on international markets and economic and technological intelligence; training and sending out personnel, providing successful experiences in opening up to foreign trade, and so on. In this way Shanghai will do a better job of working in the service of the national goal of quadrupling, and will make great contributions to the state at the same time. Some people also pointed out that if it serves the aim of quadrupling properly, Shanghai will guarantee its own quadrupling.

Many people were of the opinion that the strategic goals for Shanghai should be not only quantitative but qualitative. The only strategic goal really suited to the actual conditions of Shanghai was the goal of becoming the trailblazing pioneer of the four modernizations. All else should be subordinate to this overall goal.

The nation's overall strategic goal of quadrupling should not be understood to mean that each region, industry and enterprise should quadruple. Shanghai must revitalize its economy, and in readjusting its product mix, some should be greatly developed, others developed at a medium rate, and others developed only a little; some must be transferred; they cannot all grow at the same rate, otherwise this will lead to great blindness.

4. Make Great Efforts To Develop Tertiary Industries, and Give Play to Shanghai's Comprehensive Commercial, Financial, Scientific and Technological Function.

Shanghai should make great efforts to develop tertiary industries, making Shanghai into a trading, financial, scientific and technological, and information center, and to make even greater contributions to the state; this was a commonly held view among participants. Some economists said that during the early 1930's, Shanghai was the first or second financial and trading center in the Asia-Pacific region. It has now lost these "labels," and these economists feel this to be unwise. This opinion provoked a lot of response from other participants.

On the question of exploiting Shanghai's role as a trading center, many people were of the opinion that "when 10,000 commercial concerns are gathered together, Shanghai will rise up again." Shanghai must pay attention to commerce, develop internal and external trade, and make Shanghai into one of the biggest national and international commodity collection and distribution centers. On the question of methodology, some expressed approval of the production materials trade market held by Shanghai in 1979, and proposed that there should be set up in Shanghai a large trading building of over 10 floors and housing production materials and even consumer products; concerns from all the various regions and industries should be invited to set up offices there, thus providing a smooth channel for the exchange and trade of commodities and products on a nationwide scale; prices may even be freely determined. Shanghai could run a Shanghai trade fair, dealing in domestic as well as foreign trade, to be open once or twice a year; it could be opened all year round, becoming a trading center. Other people proposed the establishment in Shanghai of an industrial products trading center, which would invite participation from wholesale concerns from all over the country and the municipality, and in turn provide services such as sites, living accommodation, work space and facilities, storage and transportation, accounting, insurance, and information on international and domestic markets.

Others also proposed that Shanghai's foreign economic relations and trade should follow international economic trends, and carry out five shifts: First, from a simple trading style of trading goods for goods or goods for currency, to a more varied system (including investment, cooperation, compensation trade, and so on), more compound-type (industry-trade amalgams, technology-trade amalgams, and so on) trading forms; second, a shift from traditional emphasis on circulation of commodities (including mineral products, agricultural products, industrial products, and so on) to an emphasis on the circulation of resources (information, software, technology, patents and so on); third, a shift from a simple commercial role to a more varied role (grasping international information, importing technology, foreign investment, supporting foreign trade, organizing finance and opening up enterprises abroad, etc); fourth, a shift in economic management methods from a traditional single monopoly, pyramid-type setup and governmental commerce organs which are all-embracing, to enterprise-type setups which protect competition, cooperate with foreign countries, carry out combined economic management, and are based on mutual interest; and fifth, a shift in international trade from the past reliance on simple information to a reliance on an information network, using computers to carry out overall analyses of information, and to formulate policies. Some people also proposed that Shanghai ought to open up a free port of the Hong Kong or Singapore type so as to be able to share their advantages of acting independently as an equal, and gradually arriving at a state of economic development which Shanghai becomes a Pacific leader.

On the question of giving play to a financial role, the vast majority of the participants were of the opinion that Shanghai should again become the largest financial center in China, restoring the status it enjoyed in Asia and the Pacific during the 1930's, and trying to become an international financial center. Others put forth various different opinions.

They consider that only if China's foreign trade grew until it was a substantial part of world trade, and only if the renminbi can be exchanged freely with other currencies, could Shanghai possibly develop into an international financial center.

Many people put forward possible strategic measures in response to this: First, the head office of the Bank of China should return to Shanghai, such that finance would promote the buildup of construction. Second, Shanghai could establish its own investment development bank. Third, Shanghai's Bund and Jiangxi Road should again be defined as the banking district, and a whole group of banks be set up in that area. Fourth, one or two flexible, powerful multinational companies with good management capabilities should be set up, forming a Chinese financial group in Shanghai up to world standards which would conduct dialogues with foreign financial groups. Fifth, Shanghai companies should sell shares. At present, almost all the large enterprises in the world sell shares, and a stock market on a world scale is being formed. China, and Shanghai in particular, can turn its people from being merely consumers and producers into investors and pioneers. Shanghai should take the lead in adopting this finance-raising method. Sixth, Shanghai should establish all sorts of financial organs, such as finance companies, trust companies, post office savings banks, and so on, thus attracting money saved by citizens and accumulated by enterprises, and at the same time break through regional barriers, allowing them to be linked up with financial organs from other provinces, such that they give loans to each other, and outside provincial banks should be permitted to set up branches in Shanghai.

In this way, Shanghai is bound to become a financial market. Seventh, Shanghai should adopt methods of "developing outward," that is, in the aspect of foreign finance, Shanghai should enjoy the autonomy to have direct contacts with foreign markets. It should organize joint projects, make use of various channels such as foreign banks and agent banks, and choose beneficial measures to accumulate foreign investment. For example, Shanghai bank branches may issue bonds, may enjoy preferential treatment in terms of debentures from the bank's head office, and so on. Eighth, the Shanghai Overseas Chinese Investment Company should be restored, attracting funds from Overseas Chinese and Hong Kong and Macao compatriots, and opening up a limited amount of foreign and Overseas Chinese bank business in Shanghai. One method which may be considered is first to broaden the business scope of several existing foreign and Overseas Chinese investment banks, allowing them to be involved in Overseas Chinese and independent investment, and financing joint enterprises, for instance foreign currency loans and discounts, import-export securities, bank insurance and advisory services.

On the question of expanding Shanghai's role in the sphere of scientific and technological information, representatives were of the opinion that Shanghai has great intellectual advantages, and it should therefore give play to its particular role in the sphere of scientific and technological information. Shanghai has extraordinarily rich intellectual resources, and a considerable number of people should specialize in the sale of imported technology and the production of new inventions. These two types of work have always constituted the weakest link in China's industrial development, but they are key links, and Shanghai has the resources to strengthen them. Shanghai can greatly develop economic and technological services, advising, providing information, acting as an agent for foreign concerns, training cadres, and other intellectual industries. In this way Shanghai will develop from a production-type city to a management-type city and make contributions to the four modernizations.

5. Transform and Reinvigorate Shanghai. The System Must Be Reformed and Policies Readjusted

In order to effect Shanghai's revitalization, it is necessary to reform the existing economic management system, adopt flexible measures, and thereby mobilize the initiative of Shanghai's enterprises and staff and workers. Participants in the symposium commonly agreed that Shanghai, the largest economic central city in China, should give play to its functions, exploiting its role as an old industrial base area, and in the aspect of system reform, it must walk a step ahead, playing a pioneering role. Some people were of the opinion that in the past, it was thought that Shanghai should put its economy first and its system reform second, because since Shanghai's status was so important and its influence so large, the reform should be a little more stable. Now, however, things are quite the opposite, precisely because Shanghai's status is so important and its influence so broad, current problems in the system are expressed in a concentrated way in Shanghai, and reform should therefore be at the forefront and experiences created in this sphere. This will have important significance in the nationwide economic system reform. Many people proposed that if we are to transform and revitalize Shanghai, opening up is the prerequisite and the key. As to how to reform the system and readjust policies, the following proposals were put forward:

1. On the planning system: Many people stated that for Shanghai's economy to develop, we must improve the system of calculating output quotas. Current methods are unable genuinely to reflect the actual state of economic development, and instead from obstacles to the development of new products, the technological transformation of enterprises, the establishment of interprovincial combines, the development of new and tertiary industries, and so on. Present methods are unsuited to the demands of mass production and large-scale economic development. We should take into consideration the adoption of more scientific and comprehensive calculation methods for national income and net enterprise profit calculations. When supporting other areas, Shanghai should not be scared of suffering losses, and therefore reduce its scale of construction, failing to fulfill its own quotas. Calculations should be made nationwide, and construction in areas supported by Shanghai should be calculated in Shanghai's quota. In order to develop Shanghai's economy, we must reform the existing planning management system and quota system; certain incentive policies should be adopted in the spheres of enterprise technological transformation and the research and development of new products; enterprises retained profit rates should be increased, and depreciation rates also increased; the proportion of mandatory plans should be decreased, and the proportion of guidance plans increased, such that enterprises and localities have relatively great autonomy and margin for activity.

2. On the reform of the financial system: Some people held the view that a financial system based on unified collection and distribution of funds was an important factor hindering Shanghai's economic growth, and must first be broken through. Some people said that Shanghai produced high economic results, made low investments, and produced a lot, and this gave play to Shanghai's advantages; on the other hand, many things which should have been done were not done and many small accounts not settled. They considered that the existing financial system could easily lead to "killing the chicken to get the egg," and "draining the pond to get all the fish;" that is, it was a negative system. We should adopt the policy of "selling chickens and hatching eggs," increase the proportion of places in Shanghai in which taxation systems are used, such that the proportion is the same as in the whole country, or carry out a contract tax system or a graded contract system financially in Shanghai, giving Shanghai Municipality substantial autonomy in terms of finances, and through hard work enable it, as a central city, to have more room for movement. A minority of people did not agree with the above view, holding the view that in our vast country, some areas were very backward, and that Shanghai should therefore make relatively great contributions.

As a trailblazing pioneer, Shanghai is the "leading ox in the team," and should be whipped ahead even faster; they considered, however, that it should be given more "fodder." Only by giving it "special feed" could Shanghai, this "mother hen," lay more eggs.

3. On the circulation system: Participants considered that in order to turn Shanghai into a domestic and international trading center, the Shanghai market should be opened up to the whole country, all administrative barriers should be broken down, and a genuinely free socialist trade should be developed within the country's markets. Some people said that enlivening circulation was central to enlivening the economy. To enliven Shanghai's economy, it was necessary to follow the spirit of the words of Premier Zhao Ziyang on the subject of "changing the original circulation system which is divided into administrative areas and levels and carries out monopoly purchasing and supply of products into an open-style, multi-channeled circulation system with few links." Markets must gradually be opened up while maintaining stability, wholesalers from outside must be allowed to purchase goods from producers, and producers permitted to sell products to many different wholesalers. Apart from those big product categories ruled by the State Council as having a bearing on the national economy and the people's lives, all others must be permitted to be sold and purchased freely within the scope of the plans and a circulation system built on this basis. As soon as possible, Shanghai must be restored to its former flourishing state of thousands of commercial concerns being concentrated together. Some people also proposed that in order to manage in a unified way all the different commercial enterprises which make up a socialist market, consideration may be given to the idea of gradually establishing a commercial association with different specialist departments, thereby increasing guidance and management.

4. In the sphere of foreign trade: Many people were of the opinion that in order to bring into full play the role of Shanghai, this massive city, it is necessary to hasten the reform of the foreign trade system. Some proposed that the key to reform the foreign trade system lay in the issue of autonomy in management of foreign trade. The foreign trade agent system, which will be started from this year, is a good method. The introduction of this system will turn Shanghai factories from producers which care nothing about whether sales make profits or losses into managers which care about profits and losses. Some people proposed that the proportion of foreign currency retained by Shanghai should be raised so as to mobilize the initiative of the localities. Others proposed that the main function of Shanghai was to "expand to the outside and make internal links," and that therefore special policies should be carried out for Shanghai; lively measures should be taken to give overall autonomy for foreign trade. Without this there is no way of bringing into full play this special role of Shanghai's. Some people also proposed that Shanghai establish a new "foreign trade economic system" certain big Shanghai enterprises should progress toward the goal of becoming multinational, becoming the basis on which China will enter world markets.

5. On the price system: One opinion was that the key to economic reform lay in first reforming the price system. At present prices for production materials are too low, so that enterprises do not have enough pressure on them to lower prices. The current system of monopoly purchasing and marketing in fact acts as a way of taxing sellers of low-priced goods, and a way of subsidizing those who purchase low-priced goods. In response to this, it is necessary to make clear distinctions between prices, taxes and subsidies, thus promoting enterprises to improve their economic results and take responsibility for fair prices. At present it is necessary to speedily change the situation of prices having nothing to do with value, or otherwise other reforms will have little effect. Therefore, they consider that price reform should go ahead of other reforms.

Another opinion is that the price system is highly complex, and a slight change in one part of it may affect the whole. Under present conditions in which financial power is not sufficient and the people are not prepared to accept changes in the price of goods, an overall reform of the price system may easily lead to economic chaos; it is therefore considered that it would be more suitable to change the price system slowly, or only to readjust those prices which are particularly irrational.

6. Progress With Initiative, Open Up New Roads To Advance, and Work Toward Shanghai's Glorious Future

Participants pointed out sincerely that in the 35 years since liberation, Shanghai has made massive contributions to the whole country, but it must be clearly realized that there is a tendency for the gap between Shanghai and its fraternal regions and provinces to lessen, and for the gap to widen between it and the world's advanced standards. The urgent task at present is to affect the stable but speedy transformation and enlivening of Shanghai's economy and give full play to its massive potential as a base area. Therefore, we must be a little more liberated in our thinking and a little broader in our steps. We must shift from traditional thinking to "active progress" have the courage to reform and innovate, and tread a new road for Shanghai's economy, creating a new situation in Shanghai's economy. Only by reforming and opening up its road, and taking the initiative to open up a new situation, can Shanghai really maintain unanimity with the spirit of the CPC Central Committee. Some people also pointed out that the task of reinvigorating Shanghai and solving its problems cannot be separated from theoretical research and guidance. In the aspect of economic theoretical research, Shanghai's theoretical circles ought to walk in the forefront. It is hoped that Shanghai will be able to create world-famous "Shanghai speed," "Shanghai technology," "Shanghai management," and "Shanghai quality," and a "Shanghai lifestyle" be created which is socialist, modern and civilized, and that Shanghai will fulfill the CPC Central Committee's hopes that it become a "trailblazing pioneer."

GUIZHOU HOLDS FORUM ON ADULT EDUCATION PROBLEMS

HK081544 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 7 Nov 84

[Text] On the afternoon of 5 November, the provincial People's Government held a forum on adult education. At the forum, Yu Guangyuan, member of the Central Advisory Commission and a well-known economist, delivered a speech on problems regarding adult education. In his speech, Yu Guangyuan stressed the importance of conducting education for adults and cadres. He said: In education for cadres, we must conduct such education not on the basis of existing teaching materials and of certain [words indistinct], but must proceed on the basis of the knowledge and structure needed by cadres in the course of achieving socialist modernization. He emphasized that cadres at the prefectural and county levels must have knowledge of strategy, ecology, political economics, and the basics of socialist economic construction. He said that professional cadres must have knowledge of economics, knowledge of management, and certain common social knowledge. Professional cadres cannot just know technology and economic cadres cannot just know economics. They must link economics with technology and economics and technology with society. Comrade Yu Guangyuan also dealt with problems concerning education for grassroots cadres and problems concerning schools of higher education.

Vice Governor Xu Caidong presided over the forum. Attending the forum were responsible comrades of the Organization Department of the provincial CPC Committee, the Agriculture and Industry Department, the provincial Education Department, the provincial Adult Education Committee, the provincial Planning Committee, the provincial Vocational Education Office, the provincial Social Sciences Institute, the provincial Construction University, and the departments concerned.

SICHUAN CITY REFORMS PERSONNEL MANAGEMENT SYSTEM

HK080609 Beijing RENMIN RIBAO in Chinese 5 Nov 84 p 1

[Report by reporter Huang Wenfu: "Chengdu City Reforms Personnel System of Party, Government Organs"]

[Text] The Chengdu City CPC Committee and the Chengdu City Government recently approved and dispatched a report by the Organization and Personnel Departments on reforming the personnel management system of party and government organs in order to change the situation in which efficiency is low and cadres are ready to work only at the top but not at the grassroots and to meet the needs of reform of the economic structure.

From now on, with the exception of leading cadres elected according to the party Constitution, the Constitution, and other relevant regulations, all responsible cadres of party and government organs at various levels in Chengdu City are placed under the tenure system. The tenure of office is 5 years for responsible cadres of organs at the city level, including departments, committees, offices, bureaus, and sections. The tenure of office is 3 years for responsible cadres of organs at the district and county levels, including departments, committees, bureaus, offices, and sections. After the tenure of office expires, cadres who are more revolutionary, younger in age, better educated, and more professionally competent and who are competent in their posts may continue to hold their posts with the approval of responsible departments. Incompetent cadres can be removed or dismissed from their posts at any time.

Chengdu City has also carried out bold reform on the system of choosing personnel for party and government organs: From now on, new cadres and staff members to be added to party and government organs which do not exceed the authorized sizes at the city, county, and district levels can be openly recruited from among cadres, workers, and peasants. All those who are recruited must first pass a unified examination and undergo assessment. Successful candidates have to sign a contract with the organs which recruit them, and the validity period of such a contract usually will be 3 years. Those who have performed their duties well can be recruited again after the period of the contract expires but those who are incompetent can be removed at any time. If a peasant is recruited, his grain ration and his residence registration will remain unchanged.

Newly appointed leading cadres of Chengdu City, irrespective of how they are appointed, can enjoy political treatment and subsistence treatment equal to cadres at the same level only during their tenure of office. After they have left their posts, they are to go back to their original production or work posts, or appropriate work may be assigned to them.

SICHUAN'S YANG WATCHES CULTURAL PERFORMANCE

HK071416 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 6 Nov 84

[Excerpts] Yesterday the Chengdu City Committee and government held a meeting in the Jingjiang Theater to commend the performance of the Sichuan opera "Lotus Celestial" by the Xindu County Sichuan opera troupe.

Provincial CPC Committee Secretary Yang Rudai attended the meeting and awarded a certificate of merit to the troupe. (Zhu Tian), representative of the Ministry of Culture, made a special trip to Chengdu to extend congratulations. Also attending the meeting were (Ma Qifu) and other responsible comrades of the Sichuan provincial and Chengdu City Propaganda and Cultural Departments.

XIZANG CPC STANDING COMMITTEE MEETING CONCLUDES

HK090153 Lhasa Xizang Regional Service in Mandarin 1130 GMT 8 Nov 84

[Excerpts] According to XIZANG RIBAO, the comrades attending the enlarged meeting of the Xizang Regional CPC Committee's Standing Committee have declared that they will resolutely implement the CPC Central Committee decision on reforming the economic structure in connection with Xizang realities, display still more boldness and wisdom, and work with the people of the region to make a success of reforming the economic structure and strive to improve the economy, to enable the people of Xizang to get rich as soon as possible.

The participants held: In carrying out economic reforms in Xizang, we must give prominence to liveliness and to the notion of contracts. We must strengthen the liveliness of the enterprises, the internal and external liveliness of the nationality economy, and the internal and external of commodity production development by the peasants and herdsmen. We must learn from the successful experiences of rural contracts and do very well in popularizing and applying them in reforming the urban economic structure. We must attach importance to talented people, discover them and train a large number of economic management cadres.

On the question of how to implement well in Xizang the spirit of the 3d Plenary Session of the 12th CPC Central Committee and carry out reforms of the economic structure in Xizang, the meeting held: Reforms are very important for the whole country and even more important and essential for Xizang.

Reforms can produce good prospects and liveliness. Unless we carry out reforms, we have no way out and the economy cannot develop. We achieved some success in reforms in the past, and an excellent situation emerged. Now, to maintain and develop this excellent situation, it is essential to carry out reforms, otherwise there will be a retrogression in the excellent situation that has emerged in the region's rural and pastoral areas.

To make a success of reforms, it is first necessary to study the documents and enhance understanding. We must adopt special policies and flexible measures in light of Xizang realities. We must further understand in ideology, theory, and practice the laws for economic development in Xizang and handle properly the relations between economic results and political factors, between self-reliance and state support, and between advocating competition and carrying out the necessary protectionist policies. In particular, we must carry out theoretical research and get a clear idea of things. Only thus can we become more spontaneous in carrying out the party's decision.

The meeting called on leadership at all levels and all trades and sectors to take immediate action and seriously organize study and investigation, draw up reform schemes, and publicize typical examples in carrying out reforms. All departments must center their work on economic construction, the core task. The meeting concluded on the afternoon of 6 November. Regional CPC Committee First Secretary Yin Fatang spoke at the meeting.

YUNNAN RIBAO URGES MEETING PRODUCTION TARGETS

HK080542 Kunming YUNNAN RIBAO in Chinese 25 Oct 84 p 1

[Report: "Earnestly Study the Spirit of the Third Plenary Session, Completely Fulfill This Year's Targets -- Provincial Government Calls for Better Work in Six Areas"]

[Text] The provincial People's Government called on all departments and localities to do better work in six areas so as to ensure that the industrial output value of the province this year will top 10 billion yuan and financial revenues can reach 1.9 billion yuan and to fulfill all targets set forth by the provincial economic work conference. This call was issued by the provincial government on 22 October at a telephone conference on economic work.

Stimulated by the party rectification, economic reform, and the open door policy, the economic situation in this province this year is excellent. The outputs of grain and major industrial crops (excluding oil crops) increased substantially above last year's level. In the first 9 months, industrial output value increased by 14.3 percent over the same period of last year; at the same time, enterprises' tax and profit contributions and financial revenues also increased along with the growth in production. However, targets for reducing losses have not been fulfilled to a satisfactory degree. The use of working funds per unit product has also increased.

In order to fulfill this year's planned targets in all fields, the provincial government requires that all localities and departments seriously study the spirit of the 3d Plenary Session of the 12th CPC Central Committee and do better work in the following six areas:

-- Readjusting the mix of products and increasing the production of marketable products. It is necessary to strengthen domestic and foreign market forecast and economic information work, develop new products, and give priority to the production of quality products, brand products, and products in short supply.

- Making great efforts to reduce financial losses and increase profits through improving economy results. The 63 major enterprises which have a capacity of gaining a profit of more than 1 million yuan must fulfill their annual profit targets. Apart from some mines which are allowed to incur certain losses according to policies, all enterprises must stop financial losses in their business this year or next year. Departments concerned should step up tax collection and profits delivery so as to ensure the fulfillment of this province's financial revenue target.
- Further emancipating the mind and speeding up the pace of reform. It is necessary to seriously examine the implementation of various established policies, especially those for developing urban and rural collective economies. Units which refuse to carry out these policies should be seriously criticized, and punishment should be meted out to responsible people if the cases are serious.
- Stepping up technological transformation of enterprises. Measures should be worked out to ensure the completion of planned transformation projects on time. Particularly, projects that have a bearing on production in coming months must be completed on time and quickly put into operation. Agreements should be signed as soon as possible to import the projects which have been approved by the state.
- Paying more attention to safety in production and doing the best to reduce and prevent industrial accidents. Special attention should be paid to safe operation in small coalpits. Effective precautions should be taken against colds, frosts, and fires in winter.
- Making good preparations for production in the first quarter of next year. This should be conducted together with the acceleration of present production. Plans for next year should be paid down as early as possible; agreements and contracts concerning next year's production should be signed at an earlier date; and materials for next year's production should be prepared.

SHANXI LEADERS URGED TO STUDY PLENUM DOCUMENTS

HK090229 Taiyuan Shanxi Provincial Service in Mandarin 2300 GMT 8 Nov 84

[Station contributing commentator's article: "The Leaders at All Levels Must Take the Lead in Studying the Documents of the Third Plenary Session"]

[Excerpts] The CPC Central Committee decision on reforming the economic structure, passed by the 3d Plenary Session of the 12th Central Committee, is a programmatic document guiding China's economic reforms and economic construction. It is an historic document. Since its publication, this document has evoked tremendous response throughout the country and has also drawn the attention of the whole world. The comrades of the whole party, especially the leading comrades, must have full understanding of the importance of this plenary session and of the decision, and must regard studying and implementing the documents of the session as a major affair to be grasped well now and for a time to come.

The most important thing at present is to digest the spirit of the third plenary session documents, to arm our minds with the theory and policy proposed by the decision, and to elevate our thinking and bring it into line with the spirit of the session. The key to studying and implementing the session documents lies in the leaders at all levels, who must take the lead and set an example for the cadres and masses.

We face many new and complex problems in reforming the economic structure. We may also encounter resistance in the course of carrying out the reforms. Comrade Hu Yaobang pointed out when inspecting work in Shandong that if there is resistance, it will very likely come first from the central departments and the provincial, regional, prefectural, and city departments concerned, and especially from certain comrades in economic work departments. He also pointed out that in carrying out this reform, it is first necessary to see whether the thinking of these people has been emancipated and whether our ministers and the heads of our departments, bureaus, and sections can deal properly with practical problems they encounter in carrying out reforms. In this respect, it remains necessary to emancipate the minds of the cadres at all levels in a big way. These instructions of Comrade Hu Yaobang should be regarded as an important hallmark for judging whether the leading cadres at all levels have truly studied the documents well and solved problems in understanding.

At present everyone praises reforms when they are discussed in a general way, but there are differences in understanding when specific problems are encountered. Naturally there are many reason for this, but a very important reason is that certain comrades have not truly solved the problems in ideology. As far as Shanxi is concerned, the province was late in understanding and implementing the spirit of the 3d Plenary Session of the 11th Central Committee and carrying out rural reforms. A similar situation should not arise when implementing the spirit of the latest plenary session and carrying out urban economic reforms. Every leading comrade must stick to the ideological line of seeking truth from facts, further emancipate his mind, be bold in carrying out reforms, study the new situations, sum up the new experiences, and solve the new problems, to ensure that his thinking and work suit the new situation of all-round reform and the requirements of socialist construction.

TIANJIN CPC ON SUPPORTING SOCIALIST ECONOMY

OWO81039 Beijing XINHUA Domestic Service in Chinese 0859 GMT 7 Nov 84

[Excerpt] Tianjin, 7 Nov (XINHUA) -- During the phase of rectification and correction, the Tianjin Municipal CPC Committee closely focused on building the municipality into a modern socialist port city and constantly strove to enhance the leading cadres' understanding of ideology and policy, and thereby gained the initiative in leadership work, in accelerating the pace of reform, of opening to the outside world, and of economic construction.

During the earlier phase of party rectification and on the basis of comparison and examination, the Tianjin Municipal CPC Committee decided that the emphasis of the city's economic work is to accelerate reform of the urban economic structure, vigorously carry out the enterprises' technological transformation, and take measures to create a new situation in opening the city to the outside world. In the past several years, a handful of cadres have harbored erroneous notions on reform and opening to the outside world. For example, some cadres regard as "retrogressive" the change for collective enterprises from the state assuming responsibility for profits and losses to the enterprises assuming such responsibility. Some worry that the joint-venture enterprises would hit the socialist economy hard. The municipal CPC Committee maintains that these cadres' misunderstanding derives largely from an incorrect understanding of socialism, and that they are fettered by a rigid model of the economic structure that is incompatible with the development of the social productive force. Without resolving the ideological problems of these comrades, the smooth progress of reform and of opening to the outside world certainly be adversely affected to a certain extent. In view of this and in the course of the rectification and correction phase, the municipal CPC Committee paid attention to guiding the leading cadres to study writings by the central leading comrades stressing development of the social productive force as enunciated in Marxism and socialism. The municipal CPC Committee also integrated such study with the education on thoroughly negating the "Great Cultural Revolution" in order to enable everyone understand what Marxism is and what socialism is, and in order to liberate comrades from the "leftist" influences and from the rigid model that obstructs the development of social productive force. Using a unified ideological understanding as a base, the municipal CPC Committee mobilized the leading cadres at various levels to proceed from realities, and draw up a program for reforming and opening Tianjin Municipality to the outside world.

Through study, the vast numbers of leading cadres have come to understand that we must adhere to Marxism which integrates with China's realities, and embark on the socialist road with Chinese characteristics. They also understand that the fundamental task of socialism is to develop the social productive force in order to constantly expand the wealth of society. To accomplish this end, it is essential to bring into play the work enthusiasm, creativity, and initiative of the broad ranks of cadres and masses, and unswervingly implement the correct policies and measures that favor development of the productive force and advantageous to activating people's initiative. After enhancing ideological understanding, some comrades hold that modernization cannot be achieved through isolationism. China's economy has the socialist economy as the main body, and that socialist economy is an economy of ownership by the whole people as the leading dominant force that supports its strong foundation. Opening the coastal port cities to the outside world, running joint-venture enterprises with foreign countries, and utilizing more foreign capital would not only supplement China's socialist economy, but would also enable China to learn the foreign countries' advanced technology and management experience. The introduction of foreign economic forces would assist China's development and bolster its superiority.

HEILONGJIANG'S LI LIAN SPEAKS ON SOCIAL SCIENCE

SK090531 Harbin HEILONGJIANG RIBAO in Chinese 25 Oct 84 p 1

[Text] On 6 October, Li Lian, secretary of the provincial CPC Committee, spoke at a commendatory rally for outstanding social scientific research findings, stressing that social scientific research should be geared to economic construction and practical work, and in particular, to the economic system reform at present so that we can find scientific answers to the new problems arising in the course of reform.

Li Lian pointed out: Social scientific research work is an important part of our endeavor to build a modern socialist state. We are going to build socialism with Chinese characteristics, which will also be reflected in social science.

Li Lian emphasized: The CPC Central Committee has called for relying on science and technology in developing economic construction and gearing science and technology to economic construction. This basis idea also conforms to social scientific work. Social scientific research involves large areas of work, including the study of basic theories, the study of historical problems, and, most urgent and important, the study of the theoretical problems of current work and above all the study of the theoretical problems of economic construction. We are building our country and carrying out reform. We should theoretically clarify the cause and effect of the many problems in our practical work, and give scientific explanations to them. Only when we theoretically appraise the problems arising in the course of practice and give answers to them can we implement the CPC Central Committee's line, principles, and policies of our own accord when carrying out practical work.

Otherwise, with confusion in theories, we will not be able to follow close the CPC Central Committee despite our subjective efforts to do so and do whatever the CPC Central Committee urges us to. Without correct theories as a guide, problems in our practical work cannot be solved and we will not be able to follow the CPC Central Committee. Social science workers should diligently study the problems in socialist construction and the economic reform, strive to give new ideas and new suggestions, and find scientific answers to the new problems in practical work. People in charge of practical work, in particular party and government cadres at all levels and leading cadres of all trade and profession, should attach importance to social scientific research findings and apply them to our practical work so as to promote the work in various fields.

Li Lian encouraged social science workers: We should be courageous not only in studying historical problems and basic theories but also in studying the problems in practical work, airing our views, and offering different opinions. However, we should adhere to one principle that social scientific research should also be carried out under the leadership of the party. Social science workers should abide by our Constitution and Communist Party members should abide by the party Constitution. He urged social science workers to apply the Marxist tenets and put forward their own theories and views to counter the new situation in our society within the framework of the four basic principles, and give guidance to practical work.

In conclusion, Li Lian stressed: We should not rashly appraise social scientific research findings. No one is allowed to suppress the research work even if there are mistakes, nor attack or put labels on people, nor hold criticism meetings. Comrades engaged in social scientific research should modestly listen to different views. We should conduct comradely and well-meaning criticism toward views that are actually wrong, and, through criticism, allow comrades who make mistakes to correct them of their own accord. We should be both bold and prudent in carrying out social scientific research work. In short, our purpose is to push the province's social scientific research work to a new peak.

SHAANXI CPC ENGAGED IN BUILDING THIRD ECHELON

HK080623 Xian SHAANXI RIBAO in Chinese 1 Nov 84 p 1

[Report by reporter Gao Wancheng: "The Provincial CPC Committee Finally Grasps the Building of the Third Echelon in Party Rectification"]

[Text] The Shaanxi Provincial CPC Committee is stepping up the building of the third echelon in party rectification. At present the investigations to reserve cadres of leading bodies at the provincial level and of 10 prefectures and cities have been completed; investigation on two-thirds of the reserve cadres at the office and bureau level directly under the provincial authorities has been completed; while the investigation on the reserve cadres at the county (department) level is unfolding in an all-round way.

Since party rectification began in the latter half of 1983, the provincial CPC Committee has regarded the building of the third echelon as an important essence of party rectification and has made specific planning. By the end of June 1984, 2,874 reserve cadres at all levels had been identified and selected throughout the province as objects of training for the third echelon. Among them, 28 will be reserve cadres at the provincial level; 437 at the prefectural and bureau levels; and 2,409 at the county (department) levels. In order to step up the schedule of investigation, the provincial CPC Committee Organization Department has transferred more than 100 cadres to comprise 15 investigation teams since July 1984, and they were sent in three successive batches to various prefectures, cities, offices and bureaus directly under the provincial authorities, and all institutes of higher education to carry out all-round and systematic investigation of the candidates for reserve cadres at and above the prefectural and bureau levels. Through investigation, 20 candidates have been selected into the third echelon at the provincial level and reported to the central authorities, while 272 candidates have been selected into the third echelon at the prefectural and office levels. The majority of these reserve cadres will be promoted to leading posts in the not-too-distant future.

The important thing in reform is the appointment of talented people, which should also undergo reform. In the work of investigation and selection of cadres for the third echelon, the provincial CPC Committee Organization Department has taken the lead in making a breakthrough in the accustomed practice of a "closure-type" and the "mystified" way of making investigation on cadres. They have changed the old work style of relying on listening to reports and reading personnel files and have gone deep into the masses, deep into the work of the candidates under investigation, and listened to the opinions of all sides including those of the candidates under investigation. They have made repeated comparisons, have been strict in selection, and have chosen the very best among the best candidates. Moreover, in the whole course of the investigation they have achieved persistence in the following four aspects:

1. They have persisted in the criteria for cadres "being more revolutionary, younger in average age, better educated, and professionally more competent," and have been serious in upholding the requirements of "politics, age and cultural background." In the course of investigation on the 112 candidates for reserve cadres of the 10 leading bodies at prefectural and city levels of the whole province, 26 of them have been transferred out of the third echelon for their serious problems during the "Cultural Revolution," poor political quality, or mediocre ability.

2. They have persisted in boldly appointing excellent young cadres who are rich in the spirit of reform and blazing new trails, and have made achievements in creating a new situation.

3. They have persisted in making all-round analysis of disputed cadres. They are not being controlled by gossip of those who are jealous of the virtuous and able; nor did they stop their investigation because of the disputes, but made in-depth investigation, making a distinction between right and wrong so that no talents would be stifled.

4. They have persisted in mobilizing the masses to recommend talents. Therefore, the number of cadres of the third echelon at the prefectural and bureau levels in control of the provincial CPC Committee Organization Department are not only good in political quality, but have acquired a higher level of cultural and professional background. Ninety-six percent are college graduates, 55.3 percent have professional titles, and the average age is 42.6.

According to the principle of combining selection, training and employment, at present the provincial CPC Committee Organization Department has already sent some of the cadres for the third echelon to leading posts at various levels for practical training. Others have been sent to study at party schools at all levels. At the same time, it is planned for the next step that another batch of reserve cadres for departments and bureaus directly under the provincial authorities will be sent to work at grassroots units, while the reserve cadres at the prefectural and city levels will be selected and transferred to work at organs directly under the provincial authorities or at a higher level.

XINJIANG TO REVERSE VERDICTS ON OVERSEAS CHINESE

HK081552 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 7 Nov 84

[Text] The Overseas Chinese Affairs Office of the regional People's Government recently issued a circular on removing the labels from the and reversing verdicts on people who have settled abroad after they were wrongly stigmatized as local nationalists or rightists.

The circular points out that since the 3d Plenary Session of the 11th CPC Central Committee, in coordination with the units concerned, Overseas Chinese affairs departments at all levels in our region have seriously implemented policies on Overseas Chinese affairs. Grievances, trumped-up charges, and miscarriages of justice among returned Overseas Chinese and family members of Overseas Chinese have been corrected. However, in the course of implementing the policies, nothing has been done for people who have settled abroad after they were wrongly stigmatized as rightists or nationalists. In accordance with the relevant regulations of the regional CPC Committee, Overseas Chinese affairs departments in all places must seriously do well in removing labels from and reversing verdicts on these people. Regarding people who have settled abroad after they were stigmatized as nationalists or rightists, no matter whether or not they themselves or their relatives have lodged appeals, the units that originally dealt with the cases of labeling must remove these labels, review the cases, and draw conclusions based on facts.

The Overseas Chinese Affairs Office of the regional People's Government demands: In coordination with the united front work departments and other departments, Overseas Chinese affairs departments in all places must vigorously step up the investigation of the problems regarding people who have settled abroad. In accordance with the policies, they must thoroughly reverse verdicts and make corrections without leaving anything unfinished. Moreover, they must ask their relatives in the country to try to notify these people of the results in dealing with their cases.

CNA REPORTS MILITARY-CIVILIAN CLASH IN YUNNAN

OW090303 Taipei CNA in English 0246 GMT 9 Nov 84

[Text] Taipei, Nov. 8 (CNA) -- Over 30 people were killed or injured in a clash between civilians and "public security police" in a Yunnan commune bordering Burma last June, reports reaching here from Mainland China say.

According to the reports, more than 50 armed people, among them some militiamen, swarmed into offices of the Menga Commune in Mengli County, Yunnan Province, on June 16, smashing windows, damaging furniture, burning documents, and killing a guard.

After being alarmed, the reports continue, the country's "armed people's forces" set more than 100 public security police to quell the riot.

In a gunfight that ensued, according to the reports, more than ten rebellious civilians were killed and 20-odd persons were injured, while the three rebellion leaders fled to Burma. The reports add that more than 30 people were arrested after the incident.

The sources point out that the cause for the uprising may be the discontent long harbored by the people there, whose wish to do business with Burmese across the border has been denied and whose daily necessities have often been confiscated by the communist cadres in spite of the scarcity of these items in the remote area.

CHINA AIRLINES TO OPEN TAIPEI-ALASKA ROUTE

OW090307 Taipei CNA in English 0252 GMT 9 Nov 84

[Text] Taipei, Nov. 8 (CNA) -- The Government of the Republic of China has decided to buy a Boeing-747 all-cargo plane and an A-300 Airbus so as to open the Taipei-Alaska cargo service route and to intensify China Airlines' passenger flight service in the Southeast Asia area.

An official with the Civil Aeronautics Administration said that the two planes will be delivered early next year and the Alaska route is expected to open then.

The official pointed out that an A-300 Airbus will cost \$30 million while the Boeing-747 is valued at \$100 million. The Civil Aeronautics Administration has four A-300 Airbuses bought previously which it has rented to China Airlines.

AGREEMENTS WITH DOMINICAN REPUBLIC, HAITI RENEWED

OW090313 Taipei CNA in English 0250 GMT 9 Nov 84

[Text] Taipei, Nov. 8 (CNA) -- The Executive Yuan at its weekly meeting Thursday approved an extension of the hydropower cooperation agreement with the Dominican Republic and the agricultural cooperation agreement with Haiti for two more years respectively.

The hydropower accord with the Dominican Republic was signed on Aug. 14, 1981 has been renewed twice, in 1982 and in 1983. The current extension as requested by the Dominican Republic, will be valid for two years until September 1986.

The agricultural accord with Haiti was concluded on May 31, 1972 and had been renewed five times before its expiration on Oct. 26 this year. The current renewal will be valid for another two years until October 1986.

HU'S WIFE IN HONG KONG WITH CHILD WELFARE GROUP

HK080637 Hong Kong SOUTH CHINA MORNING POST in English 8 Nov 84 p 1

[Text] The wife of the Communist Party chief, Mr Hu Yaobang, made a whirlwind visit to Hong Kong last week.

Mrs Hu, whose maiden name is Li Zhao, made the visit in her capacity as an adviser of the China Welfare Institute. She arrived with a delegation from the institute at the end of last month and left for Macau early this month before returning to China. Mrs Hu visited a factory, a television station and a department store and met local dignitaries. The delegation came to see enterprises related to the toy industry as the institute was planning to set up a "toy city" for children in Peking. The institute was the second charitable organisation from Peking to visit Hong Kong within months.

Mr Deng Pufang, son of Chinese leader, Mr Deng Xiaoping, led a team from the China Welfare Fund for the Handicapped to Hong Kong in late August. The younger Mr Deng met a wide cross-section of people during his 19-day stay. His organisation received 58 million [Hong Kong dollars] in donations.

The China Welfare Institute was founded by the late Mrs Soong Chingling, wife of Dr Sun Yat-sen, the founder of modern China. The institute specialises in welfare work for children.

Meanwhile, a delegation of cultural, journalistic and propaganda officials returned to China yesterday after a month's stay.

EVERBRIGHT, PRC SIGN AGREEMENT ON POWER STATIONS

HK090348 Hong Kong SOUTH CHINA MORNING POST in English 9 Nov 84 Business News Supplement p 1

[By Olivia Sin]

[Text] Ever Bright Industrial Co will assist China in building several coal-fired power stations with a total capacity of 800,000 kw, said its chairman, Mr Wang Guangying.

The company yesterday signed a co-operation agreement with Zhuhai to build two 50,000 kw power stations in the special economic zone which borders Macao. The U.S. \$50 million project is to meet Zhuhai's increasing power needs as more factories are being set up there. Under the agreement, Ever Bright will help Zhuhai raise funds, introduce technology and engineering designs and build the stations. The Zhuhai SEZ [Special Economic Zone] Industrial Development Co is expected to provide land and labour.

Mr Wang did not disclose details on how the funds will be raised. He would only say that Ever Bright has started talks with foreign interests on the project, indicating that the latter may have a share in the project. Without being specific, he said the project might use coal from abroad rather than from northern China. At present, the two sides are still conducting financial and technical feasibility studies into the project. "We are looking into the experience of similar projects in other places," Mr Wang said. He expected the project to be completed in two years.

According to the agreement, income derived from the stations will first be used to repay Ever Bright's capital investment, plus interest. Profits will then be shared among the partners.

Mr Wang said since some of the consumers would be foreign investors in the special economic zone, they were expected to pay power charges in foreign exchange to Ever Bright. He is optimistic that they would be able to recoup their investment in five to six years.

The mayor of Zhuhai, Mr Liang Guang-da, said the site for the plant had not been fixed. To minimise air pollution, he said it might be situated somewhere outside the special economic zone.

Meanwhile, Ever Bright is also negotiating similar agreements with Tianjin to build a 700,000 kw coalfired station. Tianjin's deputy secretary-general, Mr Zheng Zhao-ruo, said an agreement was likely to be signed soon.

Mr Wang was the former vice mayor of Tianjin.

Ever Bright earlier signed an agreement with Zhuhai to jointly develop a four sq km industrial district in the special economic zone. The company will develop, manage and operate the district, which will focus on technology-intensive industries.

THATCHER TRIP PREDICTED FOR THIRD WEEK OF DEC

HK090346 Hong Kong SOUTH CHINA MORNING POST in English 9 Nov 84 p 17

[Text] London, Nov 8 -- Barring unforeseen problems at home, the prime minister, Mrs Margaret Thatcher, now looks certain to visit both Peking and Hong Kong in the third week of next month.

Knowledgeable observers in London have confirmed that Mrs Thatcher has indeed drawn up a tentative itinerary for her Peking and Hong Kong visit. Although Downing Street still says no final decision has been made, there is little doubt Mrs Thatcher will be in Hong Kong on December 21 and 22.

Before arriving in Hong Kong for her two-day stay, she will spend several days in Peking where she will formally sign the agreement on Hong Kong's future. Observers say it is more likely she will go to Peking before visiting Hong Kong.

NPC MEMBER FORESEES NO UNREST IN FUTURE

HK090350 Hong Kong SOUTH CHINA MORNING POST in English 9 Nov 84 p 14

[Text] China will not see a recurrence of unrest as witnessed during the Cultural Revolution, a senior official of the National People's Congress said yesterday.

Mr Peng Zhen, chairman of the NPC, said Peking had learned its lesson and that "similar turmoil will not be allowed to take place again." He urged compatriots in Hong Kong and Macau to put their hearts at ease.

Mr Peng reiterated that the political principle of resolving the problem of Hong Kong's future would not be changed. "When the people of our generation are here, it won't be changed. When we are not here, it still won't be changed," he said. He called on the people of Hong Kong and Macau to air their views as honestly as possible.

He was speaking at a banquet yesterday afternoon to receive Mr Ma Man-kee, a prominent Macau businessman and an NPC member, and Mr Fei Yimin, also an NPC member and publisher of the local branch of the leftwing TA KUNG PAO.

PRC ECONOMIST ON REFORMS, PRICES, HONG KONG

HK081207 Hong Kong MING PAO in Chinese 7 Nov 84 p 5

["Special Dispatch" from Beijing by Chao Tuan "Tao Dayong Speaks on Economic Reforms, Says Urban Reforms Are Extremely Complex, Inflation Almost Unavoidable"]

[Text] The announcement of the decision of the 3d Plenary Session of the 12th CPC Central Committee on urban economic structure reform has aroused various comments.

Many people are of the opinion that the current reforms bear strong characteristics of capitalism. Several days ago this reporter interviewed Professor Tao Dayong, a Chinese economist, on his opinions on the current reforms.

Professor Tao Dayong maintained: For over 30 years, people have been accustomed to one economic system and one life-style. When reforms are carried out, they will inevitably break away from the original trammels, including ideological ones. Therefore, repercussions in society are unavoidable. He said: "This is not strange. Let us review what happened in China's rural reforms 5 years ago.

"When the system of contracted responsibilities with payment linked to output, which was derived from the system of 'fixing output targets' for each household, was put forward, repercussions arose in people's minds, and some people even suspected that the system would lead to capitalism. But before long, the productive forces in the rural areas developed and the peasants' income increased. Finally, practice taught everybody and freed people from doubts."

He added: "Urban reforms involve a wide range of categories and are much more complicated and arduous than rural reforms. For example, pricing system reform involves tens of thousands of households. For a long time, we have been accustomed to a subsidized, unchanged pricing system. Although it does not accurately reflect the relationships between prices and supply and demand, people seem to be satisfied with it. Moreover, the soaring prices in the old society left a shadow on people's minds. So at the mention of price readjustment, people will be worried."

Tao Dayong pointed out: In the course of economic development, prices in any society will rise or fall, and the general trend is that prices will rise. Take postwar Japan for example. Its economy developed very fast and the general trend was that prices rose.

He said: "Taking China's present situation as an example, I think it is necessary to reform its pricing system. As the low-wage system has been implemented for a long time, pricing system reform should be linked with wage system reform, or, in other words, they should be carried out simultaneously. But we should be very careful in carrying out such reforms and should not rush headlong into mass action.

"At present, prices have risen a little. This corresponds with the galloping economic situation in China. The most important thing is to develop production. So long as production develops and there is an ample supply of goods, prices will fall again even if they have risen. In this way, prices will rise and fall amid a stable market situation. They will not just rise and not fall."

Reforms Are Beneficial to Hong Kong, and We Should Strengthen Financial Centers

Tao Dayong stressed: "The CPC Central Committee's decision on urban economic structure reform was made according to the basic principles of Marxism. It was not transplanted from other countries' experience. It was worked out on the basis of the practice of reforms over the past few years so as to guide people in their advance toward socialism. As far as the whole country is concerned, the economy under the public ownership system still remains the main body.

"The state and ordinary people will benefit most from reforms. Reforms are carried out under the guidance of the government in a planned and orderly manner. The purpose is to enliven the economy rapidly, to overcome the excessive centralization and unification in the economic structure, and to correct shortcomings such as 'eating from the same big pot' and ignoring the role of commodity production and the law of value. Here, we are probing a new road of socialist economic construction with Chinese characteristics."

On the influence on Hong Kong of the decision on urban economic structure reform, Tao Dayong said: "The initialing of the Sino-British joint declaration on the Hong Kong issue has provided a guarantee for long-term stability in Hong Kong's political situation. Urban economic structure reform in the mainland will certainly bring new vitality and prosperity to Hong Kong's economy. The central issue of reforms is to enliven enterprises. When millions of enterprises in China are enlivened, there will be a fundamental change for the better in China's financial and economic situation, economic and technological exchanges with foreign countries will be expanded, and reforms will definitely promote the implementation of the open-door policy."

He added: "The mainland is an important place of origin for Hong Kong's imports as well as Hong Kong's largest reexport market. Following economic structure reform, enterprises having foreign connections will have greater decisionmaking rights in production, supply, and marketing. Therefore, an unprecedentedly new and prosperous situation will emerge in trade between the mainland and Hong Kong. In the meantime, the government will appropriately relax its foreign exchange controls and financial policy and further perfect economic legislation work so as to accumulate more capital from the international market. Being an international financial center, Hong Kong will certainly play the role of a bridge."

GROUP REQUESTS UN AID IN HONG KONG RESETTLEMENT

HK060453 Hong Kong SOUTH CHINA MORNING POST in English 6 Nov 84 p 18

[Report by Michael Chugani: "Appeal for 1997 Escape Route"]

[Text] An appeal has been made in Britain for the United Nations to organise an international conference to resettle Hong Kong people who do not want to live under communist rule.

The appeal was made by a group of Hong Kong residents in an advertisement in THE TIMES. The advertisement, titled "Humanitarian Appeal from Hong Kong," was addressed to the UN secretary-general, all member nations and people concerned about human rights. The advertisement was signed by a "group of Hong Kong residents" and states that those behind the advertisement preferred to remain anonymous for fear of "political reprisals."

It calls on both the United Kingdom and the UN to arrange an international conference to resettle Hong Kong people who do not want to live under Chinese rule. "On humanitarian grounds, all countries in the free world should help in this respect," it said. The advertisement said that people of Hong Kong did not believe in all the promises to keep Hong Kong unchanged for 50 years after 1997.

The group made an appeal to the world community and the UK in particular for help in locating as soon as possible what it described as "a suitable place for building a new Hong Kong." "A dramatic change is in store for the five million Hong Kong people. Unlike a herd of cattle, they have the right to decide their own fate," the advertisement stated. The group said it considered the communist rulers to be untrustworthy and did not believe in their promises. It gave its mailing address as P.O. Box 30518, Causeway Bay, Hong Kong.

There was no comment from the Foreign Office on the advertisement. But it is believed that Whitehall officials feel that anybody who has any views on the Hong Kong agreement should make these views known to the Assessment Office.

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